

JUNE 8
1935

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BUSINESS WEEK

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LABOR AT THE BARRICADE—Most important job left to business leadership by the Supreme Court's decision against NRA was to find something better than barricades to meet labor unrest.

Wide World

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Washington Bulletin

WASHINGTON (By Business Week Staff Correspondents)—President Roosevelt's New Deal objectives are now inevitably destined to be paramount issue in next year's election. Does the country want federal regulation of hours, wages, and trade practices? Does it want a planned economy with social controls?

Roosevelt will say "Yes." Some Republican will say "No." Some Progressive may say something that out-Roosevelts Roosevelt.

In any event it will be the New Deal ideas that will be fought over in what promises to be most interesting election since Lincoln's in 1861.

9-Bar Hurdle

By its unanimous decision, Supreme Court precipitated the issue. Had decision been merely a majority one, whole picture would be different. There would now only be talk of such expedients as adding to Court or curbing its powers. But with Brandeis and Cardozo agreeing with Sutherland and McReynolds, hurdle was set too high to be taken in any way except by an amendment.

Farley's Army Will Help

Opposition to a Constitutional amendment does not worry President as much as generally thought. Jim Farley's army has already proved its mettle on this front; it put repeal over without any trouble—save in the Carolinas. Planned in 1928, recruited in 1932, army boasts at least makings of a corporal's guard in almost every county in the Union, all rendering personal allegiance to Farley.

Patronage Lever

Presidential power on Capitol Hill, curiously enough, strengthens with decimation of NRA and curtailment of AAA. Senators and representatives are now faced with the necessity of "saving" their appointees in New Deal agencies. Hence, patronage boys are strangely reasonable when Jim Farley wants this or that done.

Strategic Wage Boosts

With several big companies announcing 5% wage increases, oil industry seeks to prove it needs no code coercion to protect workers. Washington wonders how generally industry will take similar action. Answer is vital. Extensive wage boosts in next few months may defeat President's plans for increased federal powers and change course of history.

Wagner Confounds Prophets

Certainty of passage of the Wagner Labor Relations Bill confounds proph-

FOXING MR. HOPKINS

Chiseling rears its head again, but not the kind of chiseling Hugh Johnson loved to denounce. New variety arises from Harry Hopkins' rule that cost of a work relief project, excepting roads, cannot exceed \$1,100 per man employed because the \$4 billions must give work to 3.5 million men. That looked tough at first till project sponsors found an easy chiseling "out"—simply take on more workers than are actually needed.

ets, discomfits industrial leaders. President's intervention cannot be credited with changing outlook, for it had passed the Senate, practically without debate, before he committed himself on it. He even waited after Supreme Court verdict until decision was made for a 10-month trial of rugged individualism.

Guffey Bill in Bag

Senator Guffey's coal bill—or more accurately the United Mine Workers Bill—is scheduled to be passed with White House blessing. One major industry is thus made safe for New Dealism.

An "Out" on Utilities

Concern over constitutionality—a common complaint these days—offers senators one way out of an awkward situation: the utility row. Solons who don't want to be labeled "for" utilities or even "against" Administration can now satisfy stockholder-constituents, again grown vociferous, and at the same time save face by pleading bill's dubious constitutionality.

Unions Will Make Hay

In 10-month truce, before expected Constitutional Armageddon, union labor leaders see far better chance to make themselves powerful and secure than was offered by Section 7-a. With Wagner bill a law, with thousands of

NRA investigators on industry's trail, with Administration's propaganda machinery in high gear, they expect to pile up a lot of evidence on difference between what organized and unorganized labor gets as ammunition with which to go gunning for more union cards, more dues.

Better Borrowers Show Up

Now that business is better and the profit motive is recovering from anemia, a better class of applications for industrial loans is developing. The Federal Reserve is campaigning hard for this type of business.

Baby Bonds—Big Buyers

Pleased at reception accorded its baby bonds, Treasury is none the less a little distressed that they seemed to have fitted so well into various schemes of well-to-do buyers, while small fellow has almost ignored them.

Roads for Buggies

For that "reversion to horse and buggy days" talked of by President, Harry Hopkins would supply dirt roads. To give as many men jobs as possible, Hopkins has ordered cost of labor and material on highway projects shall not exceed \$1,400. Unable to construct modern hard surface roads at this figure, state highway commissions are up in arms. More work relief delay.

FTC Rejoices

Federal Trade Commission, now engaged in wholesale junking of complaints lodged with them by NRA, shed crocodile tears over demise of Blue Eagle. They always did resent intrusion of the bigger and better publicized body. Now they have business field to themselves again.

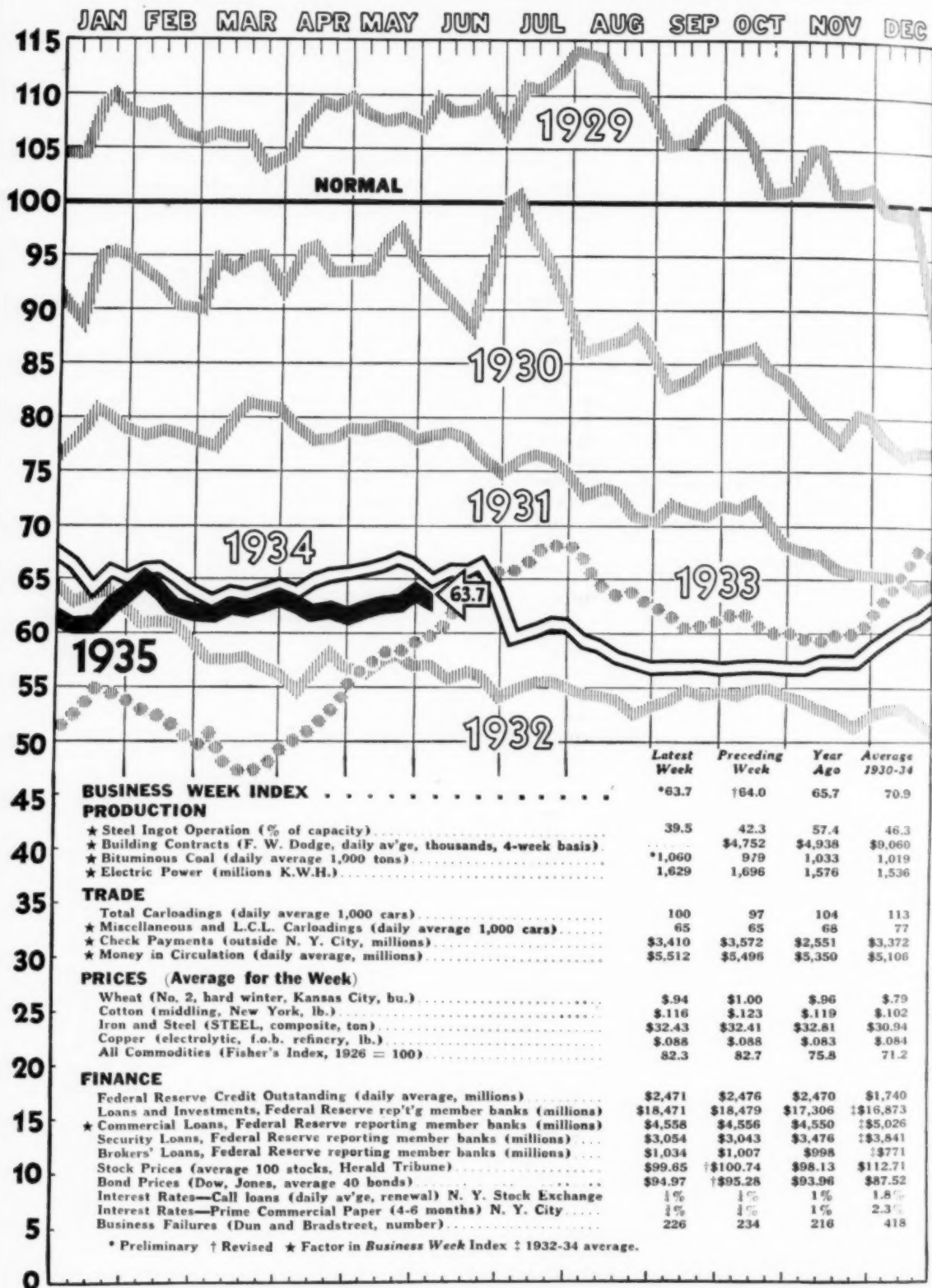
In Mme. Perkins' Lap

Madame Perkins is also like the cat with cream on its whiskers. Worried for months over Congress' disposition to vest in other government agencies functions she wanted to control, she now bags a whole list of new charges and still hopes to garner in Wagner Bill agencies.

Stabilization Still Just Talk

Despite all rumors, stabilization is not just around corner. Britain talks glibly about willingness to cooperate, but diplomatic information is she does not want it for some time. That old debbil debt still worries British statesmen. Incidentally, the President is not so keen for freezing the currencies either. He likes that devaluation leeway he still has. It may never be used, but is handy to have in closet.

WEEKLY INDEX OF BUSINESS ACTIVITY



The Business Outlook

MORE stability than was anticipated followed the first shocks of the Supreme Court decision wiping out the NRA and threatening other vital sections of the New Deal program. While the President was deciding that the elaborate setup of the Recovery Administration must be reduced to a mere statistical organization and proclaiming the death of the codes, industry was coming forward in surprising fashion in support of voluntary adherence to code provisions. Pleas for maintenance of the status quo on wages, hours, fair trade practices, and prices have been numerous. Sellers have resented requests for "real inside" prices, for larger discounts. The resulting stability may be artificial, but it gives industry a chance to weigh its course, to ponder the responsibilities which the new freedom entails.

Buyers Are Cautious

New buying for anything but immediate requirements has naturally slowed down with many buyers playing a waiting game. Steel activity dipped below the 40%-of-capacity line in response to consumers' hesitation. But coal production again bounded upward as the strike threat in soft coal fields looked more ominous. Carloadings felt in larger shipments of coal the influence of the possible strike. Electric power production dropped during the holiday week of May, but the spread over 1934 improved to 3.3%. Check transactions for the last week of May jumped 30% over a year ago, with every section of the country participating in the gain. The Chicago district check volume was up 47%; Minneapolis, 41%; San Francisco, 39%. This furnishes ample evidence of a decided quickening of trade.

Home Building Up 78%

The residential construction reported for early May still held a commanding position in building improvement with a 78% gain over a year ago. Glass plants are adding to their first appropriations for plant extension and modernization as the outlook continues to brighten. Mining machinery sales on the West Coast are reported the best in years.

Coal Strike Threatened

Adherence to code wage provisions is counted on to ward off a spread of strikes. Most large concerns have voiced their approval of continuing the code scales; a few oil companies gained front-page publicity by announcing wage increases. The soft coal strike called for June 16 is the most threatening of pending difficulties, though garment workers are building up strike funds in prepara-

FIRST TEST

Industry has enjoyed a kind of artificial stability this week. Meanwhile, individual, trade association, and chamber of commerce pleas for temporary observance of code provisions on a voluntary basis are getting a promising response. The next few months will be a test period to evaluate industry's contribution to recovery without governmental regulation. It must succeed, or else—

tion for any eventualities. The coal union and some of the bituminous operators are pushing the Guffey bill which, in many respects, is more stringent than the old code. Even the anthracite industry has appointed a "dictator" to coordinate and regulate production, market prices, price cutting, rebates, and other practices.

Steel Sticks to Code

The steel industry regrets that most of the code provisions which brought stability to the industry in the past 2 years have been obliterated by the Court decision. Particularly hard to cast overboard were provisions covering the basing-point system of pricing, price filing, unfair practice regulation, and the embargo on new production facilities. Temporarily, the industry continues to operate under the code provisions voluntarily, fully aware that any or all of the code practices may be disregarded at any moment, but counting on the spirit of interdependence nurtured under the code era to prevent demoralization. The threatened coal strike may serve to check any hasty price cuts.

Motors Slow Down

Orders from the motor industry are now tapering, the shutdowns over the recent holidays being more extensive than expected. Steel needs had been covered well in advance by most motor concerns, so little remains to be

acquired before the new-model season opens. Parts suppliers have slowed down operations. Manufacturers are waiting for the latest sales reports to scan public reactions to the new era of free competition. But it will be well toward the end of June before any significant straws are seen.

Dealers are likely to be more affected by the loss of a code than motor manufacturers. Control over used-car prices is now removed. Some fear the return of the "horse-trading" days of old. Others think new car sales will be stimulated.

Wool Strength Aids Textiles

Restrictions on cotton cloth production which were to have prevailed through June are not enforceable now. The cotton garment industry, long averse to the 36-hours-a-week limit forced upon it, is talking of a 40-hour week at the old code minimums of \$12 and \$13 per week. Men's clothing manufacturers are pleased to find so few cancellations of orders, their position being strengthened by the firmness of wool prices and the booked-up situation of the woolen mills. Silk mills continued to reduce their takings of silk in May to the lowest level since last September when the strike interrupted activity. Rayon mills are recovering from their depressed position of recent weeks.

Second-Quarter Straws

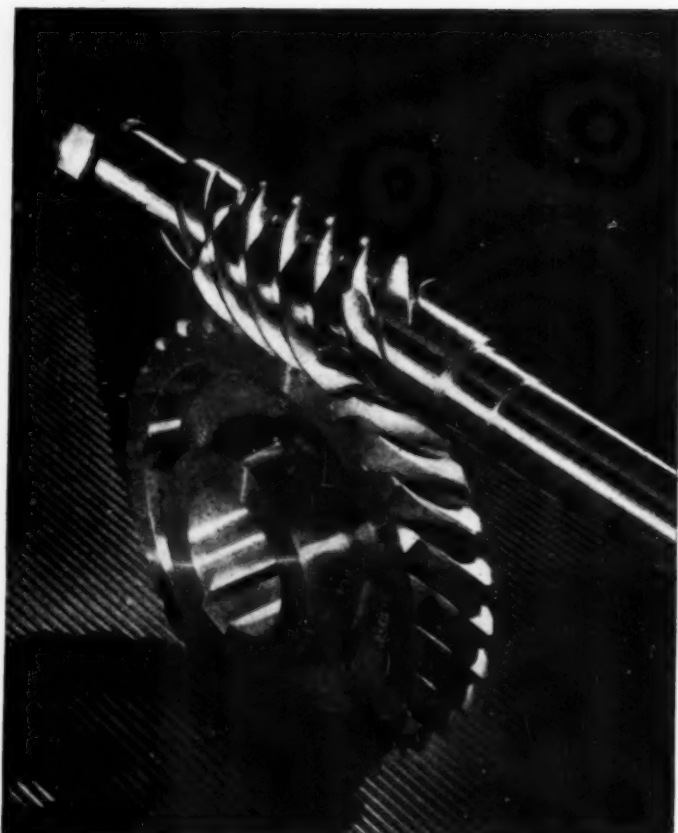
April is the latest month for which enough important business records are available to provide a glimpse of how the second quarter of 1935 started. Farm income plus benefits totaled \$507 millions, a 31% gain over a year ago. The first 4 months' income now totals more than \$1.9 billions compared with \$1.7 billions in the same period of 1934, a 12% improvement. Leading paint and lacquer manufacturers reached the highest level in years during April; in the first 4 months, sales went to \$104.5 millions, a 17% gain over 1934. Air-conditioning sales of major producers increased \$1 million (29%) in the first 4 months of this year compared with last.

Gains Over Last Year

Domestic refrigerator sales in April rose 25% over the preceding month, but the margin over a year ago was narrow. New York state was the largest buyer, followed by Illinois and Ohio. Passenger car sales reached 319,652, a 43% spread over last year. Truck sales hit 46,785, a 13% gain over 1934. Oil burners shipped through April, 1935, by 160 manufacturers went 24% ahead of the same period of 1934. Shoe production is running less than 1% under the first 4 months of 1934.

After the Decision . . .

HEARTENING FACTS:—



"Give me a lever long enough, and a prop strong enough: I can single-handed move the world," said a great philosopher-engineer many centuries ago. American Industry's use of the long levers of Enterprise and Confidence can literally "move the world" by helping to hasten that Recovery which is so immediately vital to our National welfare.

CLEVELAND
WORM GEAR *Speed Reducers*

FROM the recent startling decision of our highest Court respecting the future operations of American Industry, these heartening facts have begun immediately to emerge:—

1. Industry and Business are standing their ground, continuing plans for development even without waiting for all the aspects of the Decision to be fully analyzed and measured.
2. Executives whose soundness of judgment is established and whose decisions set a widespread example for others, promptly declare their intention of continuing the helpful phases of recent Legislation, even though no longer compulsory.
3. Within three days, a great Corporation announces that funds have been appropriated for one of the largest rehabilitation projects of the year; and immediately releases specifications and inquiries.

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BUSINESS WEEK

JUNE 8, 1935

Trial Ordered—Verdict Prepared

After 10 months of hearing evidence on business—taken by survivors of NRA army—President expects a verdict for a Constitutional amendment that will put the New Deal beyond reach of the courts.

WASHINGTON (Special Correspondence)

—Business is to have a 10-month trial period of rugged individualism. Meanwhile, it will be checked by an army of investigators—the survivors of the NRA army. Under the directing and highly suspicious eye of President Roosevelt, fact-finding as to chiselers, overworked and underpaid labor, and whatnot will proceed.

Then will come the decision. If the experiment succeeds—if business does not oppress employees, if prosperity goes forward, if the country seems to like operating without NRA codes—the whole New Deal program for government direction of business in the interest of the public at large, planned economy and all the rest of it will go out the window.

If the experiment fails—and Mr. Roosevelt believes it will fail—there will be, right on the eve of the Presidential election, a new New Deal program to supplant the law of the tooth and claw.

The probability is that it will take the form of a proposed Constitutional amendment, one which would give the federal government control over hours and wages, also over trade practices—on the theory that what happens in Bangor affects school lunches in San Diego.

Roosevelt Makes the Rules

Rejecting the advice of Gen. Hugh Johnson and others who believed nearly all the effectual parts of NRA could be saved, the President has arranged the conditions of this trial contest between the old and new order. He appoints the judges, the investigators, and the fact-finders. He will supply the country with frequent details as to the results.

His propaganda machine will make the most of strikes, lockouts, chiseling, and human suffering as a result.

Meanwhile, with the Wagner Labor Disputes Bill pushed through Congress—and not until after the Supreme Court decision did the President announce his approval of this measure—industry will find itself, as it sees the situation, with the most provocative status for strikes in many a year.

The warning that "no false hopes" should be entertained by the country as

to working conditions is a significant guide to the President's attitude. He wants the investigations of the corps of NRA employees reinforced by an army of self-appointed scrutinizers. He is preparing the public mind for a change in the Constitution to give the government the power necessary to make effective his New Deal policies: higher wages, shorter hours, no big profits; all aimed at better living standards for the lower economic strata, at increased buying power and planned economy under government control.

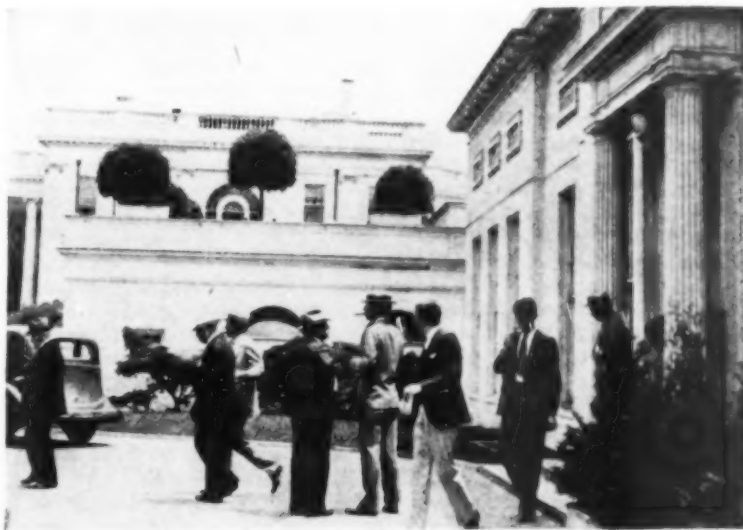
Roosevelt's understatement of the probable effects of requiring former code conditions on the part of those having government contracts had 2 objectives: one to provide a constant contrast between what the codes would do if they were in legal effect; the other to prevent these same "false hopes." Experts believe 1%—the figure used by the President in comparing the dollar volume of government contracts to total production—far understates the actual effect on employees.

Amendments are being drafted to the Clark bill to provide that no one can get a government contract who buys any of the materials used from a concern not complying with former code standards. Incidentally, the government would be in a stronger position to enforce these "code requirements" on government contractors than was NRA even at the height of its power. For, this time, there would be law behind them. Thus the Comptroller-General will not be able—lawyers agree—to overrule contracts on the ground the specifications were not broad enough or that the contract was not awarded to the lowest bidder, as was the ruling in the automobile cases.

Other Ways of Bearing Down

Nor is that all. Every concern getting a government loan, through RFC or any other agency, will be put under the same rigid scrutiny as to whether it complies with code requirements; so that it is not inconceivable that the 1% of dollar volume might stretch to 5% or more, especially in view of the difficulty of one concern having 2 different standards for pay, hours, and conditions in the same locality, and when the work relief's \$4 billions are thrown into the scale.

Roosevelt's decision on "stopgap" legislation, taking only the irreducible minimum of what could be salvaged after the Supreme Court's decision, rather than the larger proportion thought possible by Johnson and others con-



CLEAR ALL WIRES—With the New Deal caught in the throes of the Court decision—with NRA dying and a new, still undefined New Deal being born—news is popping fast on the White House front, and these correspondents are kept on the jump. Tuesday 350 of them, a new high, jammed the President's press conference.

sulted, was reached after nearly 10 days' conference and study.

The trial for business was decided upon simply and solely because the President became convinced that the country was not ready for a Constitutional amendment to make the New Deal policies effective. He was convinced that, without a demonstration of the necessity for federal control of wages, hours, and business practices, the country would not support a plea for such a change. Mr. Roosevelt believed the majority of the people would be with him, but not the necessary three-fourths of the states—especially after the radio deft of Senator Borah, and the grumbings from even some of the radical senators.

Anticipates Dramatic Failure

It is because the President does not believe business will put its own house in order without federal compulsion that he did not go as far as possible immediately in the way of stopgap legislation. He expects the experiment to fail, and to fail so dramatically as to sweep most of the opposition from the New Deal path next year.

During the next few months various attempts to frame legislation which will go further than the "stopgap" program will be made. The President has no real heart in them. He believes that, to accomplish the essence of his program, a Constitutional amendment is going to be necessary.

But, meanwhile, it is necessary to meet the criticisms of General Johnson and others that more could be done, even



FOR "CAREFUL CONSERVATISM"—Owen D. Young (center), chairman of the board of General Electric Co., appears before the Senate Banking and Currency subcommittee to testify against Title 2 of the Eccles banking bill, to argue for an end to "radical new departures" in the interests of recovery. Flanking him are Senators Glass (left) and Senator McAdoo, both former Treasury Secretaries.

under the Supreme Court interpretation of the commerce clause and its view on congressional delegation of authority. He believes the delegation of authority angle might be met, but not the court's views on the narrow limits of the interstate commerce clause of the Constitution, which, he said, carried the country back to the "horse and buggy" stage.

ing a month or more before borrowing again. At the same time, the government, which collects taxes for the account of the municipalities, decided that, in view of the municipal elections at the beginning of May, they would delay sending April tax bills until the elections were over. Finally, the bad tax receipts during the first quarter and particularly in April contributed to the Treasury troubles.

In the face of this acute situation, the devaluationists have accentuated their campaign. International speculative syndicates operating from London, Amsterdam, and Basle—with their appetites whetted by huge profits which they made in the Belgian devaluation—have been active in the Paris market.

Suspense Adds to Trouble

The public in general, and a majority in the Chamber, are opposed to devaluation. Internal prices have fallen drastically in the last few months so that they are barely 10% above British prices, so devaluation now could be justified only up to 10% or 15%. The panic in France is due to speculation and fear. The first can be curbed by drastic action, but the inability of cabinet after cabinet to agree on a program is accentuating the panic.

Switzerland last Sunday voted against a new deal program which could have been accomplished only by inflation. The only strong devaluationist in the Dutch cabinet has resigned. French politicians have refused to take a definite stand. If the franc survives the present crisis and this seems likely—it will be due to no cooperation from the government.

Franc Survives Political Crisis

Strong sentiment against devaluation, and huge gold reserves, sustain franc in prolonged governmental battle.

WHILE Americans were occupied with the NRA situation in Washington this week, they, with the rest of the world, were also watching the crisis which is coming to a head in Paris.

It centers around the French franc, but the fate of the Dutch guilder and of the Swiss franc are closely tied up with Paris. Only these 3 currencies remain on the gold standard. The indefinite bank holiday proclaimed this week in little Danzig indicates, however, that the crisis is not confined to the gold bloc.

What's immediately ahead will remain a question until France has a cabinet with power to act alone, or with a program which parliament will support.

Events of the last 2 weeks have pretty well shattered French public confidence. It seems unlikely now that the Chamber of Deputies will willingly hand over to any cabinet—no matter how representative of all parties—full powers to meet

the present emergency. General elections are only a year away. Deputies are reluctant to allow even a *cabinet de crise* absolute powers. Economies, to be effective, must be drastic. They will inevitably be unpopular. The electorate will blame the present deputies whether they vote the laws or give the cabinet that power. It looks now as though they will do neither. Paris will probably be forced off the gold standard much sooner than the true economic situation warrants simply because parliament could agree on no program.

The Treasury told the banks at the beginning of the year that it would need eventually from 10 to 12 billion francs to meet the year's obligations. The banks agreed that it would be possible to place about 3 billions of medium-term notes each quarter. The January borrowing went off smoothly. When April came, the diplomatic tension in Europe was at its height, and the banks advised wait-

Business Votes With the Court

Leaders of American industry and trade approve decision ending NRA's tangled rule, hold that self-government will strengthen recovery.

SUCH important questions as what business thinks about the Supreme Court decision against NRA, how that decision is likely to affect its labor and trade relations, and what action business recommends to the government in the light of the Court's veto, have been answered by 105 leading business men canvassed on these questions by *Business Week*.

They represent all the important divisions of American industry, commerce, and trade. Their companies do the bulk of the business in those divisions. They know what business was up against before the depression, during it, and under the Blue Eagle. They have recognized the weaknesses of the New Deal and they have assessed the strength of the old deal with its charter for doing business under a well-established order of known merit.

Answering as hard-headed realists, free to speak frankly without fear of baiting by the politicians, they have told *Business Week* what they are going to do about their own businesses right now and what they think the Administration should do about all business in the future.

A Business Ticket

They don't seem to be at any "cross-roads," confused in their thinking, or nebulous about what's needed. They have written the ticket for a new "newer deal" into those 105 telegrams and when that ticket is examined it looks very much as though business wants no more than what was guaranteed to all under the Constitution. Here is the ticket:

For the immediate future:

- (1) No cutting of wage rates, or stretching of hours beyond code limits without extra pay;
- (2) No chiseling on prices because that would lead to lower wages;
- (3) No sudden dumping of other code provisions.

For the long pull:

- (1) The government should abandon all attempts to badger, regiment or regulate all business indiscriminately;
- (2) Voluntary codes should be permitted under suitable enabling legislation in industries where a demand for them exists and where the interstate character of operations cannot be questioned;
- (3) No new hazards should be erected by the government to impede the free and unrestricted exercise of individual initiative in business.

These are the points on which there is general agreement, when all those 105 messages are sifted down to fundamentals. There is substantial unanimity against cutting of wages or prices. Many industrialists agree that in some highly specialized lines hours need to be lengthened so that expert artisans may work a full week, and they propose to pay for extra time at proper rates. They

Business Speaks

The news set forth on this page is the news of how representative and responsible leaders of American business, speaking in confidence, view the situation confronting business and the government as a result of the Supreme Court's decision against NRA.

It is the news that lies behind those reserved "statements" which, appearing in the newspapers, reveal chiefly that business men are acutely sensible of the distortion to which such statements published over "big names" can be subjected by, say, hostile political or labor commentators.

The "big names" are here, each represented in this realistic audit of business opinion which brings together the written and wired expressions of 105 men qualified to speak for every branch of American industry and trade. Thus brought together they represent, at a conservative estimate, \$12 billions of annual sales volume.

What they have said has been said in the knowledge that what *Business Week* wanted was their unreserved views on a critical situation, not the window-dressing of big names. This is the "low-down."

want the price situation protected and plead that chiselers refrain from cutting loose, because they know that lower prices mean lower wages and that this would retard progress. The majority declared that, until some indication came from Washington as to what course Congress will approve, all separate units of industry should agree upon continued observance of the most important code provisions.

Predictions as to the probable immediate effect of the Schechter decision upon business are, with one or two exceptions, favorable. Leaders in the elec-

trical, construction, machinery, railway, and numerous other industries boldly state that recovery will be speeded materially by the Supreme Court's action and that they now look for more rapid improvement.

In that large group made up of those who not only propose to maintain wages and prices but also voice their preference for a system of voluntary codes, many support their optimistic outlook with thoughtful comment.

See Wide Benefits

An outstanding manufacturer of construction materials, known as a decided individualist and noted for his advanced practices in labor relations, his pension and benefit plans for employees, feels that the 9 to 0 decision of the Court restores us to "government by law instead of by men."

A machinery builder suggests that all, including labor, should be thankful that law has prevailed over the radical tendencies of entrenched minorities. An important New England industrialist of national reputation considers the decision a "first indication of return to sanity." From a Far Western manufacturer comes the prediction that the restored knowledge that we live under a constitutional form of government and not a dictatorship will hasten the whole movement toward business recovery.

One executive, who guides a vast industrial enterprise and evidently is disturbed by current discussions of efforts to make the New Deal stick through Constitutional amendments, makes the frank statement that "business cannot prosper when the President embarks on a campaign to destroy the Constitution."

Many of those voicing their opinions are leaders in the cooperative activities of their industries and know what others in the same field are thinking. These men are particularly emphatic as to the need for a system of voluntary codes. They point out that, on the basis of the NIRA, many industries have created organization setups that have functioned effectively in establishing improved conditions for producers, distributors and consumers, and argue that some method should be created for preserving the good already accomplished and building on it for future improvements.

Turn to Trade Commission

In several quarters the opinion is expressed that the present Federal Trade Commission Act may be resorted to by some industries in their salvage operations if no other solution is developed. This applies particularly in fields where the fair trade practice provisions of the codes have been employed effectively in producing better competitive practices.

One prominent industrialist expresses the sentiment of many in stating that since the decision has "stopped our precipitous decline into state socialism, busi-

ness may be somewhat upset, but for the years to come everyone concerned will benefit through the reinstatement of the rights of states. Private initiative will provide a higher standard of living for the masses, will reemploy more people faster, and will give greater security than state socialism."

Strike and Peace

Toledo Edison workers give country a brief scare; labor in general is grimly watchful.

ALTHOUGH there was no general flareup of strikes this week, as had been somewhat feared in consequence of the NRA decision, the week's labor news was exciting. The chief event was the 1-day strike of the electrical workers of the Toledo Edison Co., which for a while seemed to threaten a complete breakdown of Toledo industry, including 400 companies that produce more than half the parts used in American automobiles.

What made the strike especially dramatic was its unexpectedness. The country as a whole had heard no whisper of an important strike in Toledo. Even in Toledo itself, the scene of other recent important strikes, little attention had been paid to the wage negotiations in progress. But suddenly, on the morning of June 5, the word was flashed across the country that 500 electrical workers had gone on strike, jeopardizing the light and power of the company's territory, which includes not only Toledo but many towns and villages in northwestern Ohio, northeastern Indiana, and southern Michigan.

Feared Effect on Auto Industry

Immediately it was feared that, if this strike were prolonged, it would come close to shutting down the entire American automobile industry. The first large Toledo company to stop work in several of its departments was the Electric Auto-Lite Company, whose plant was attacked by stone-throwing strikers a year ago. Its chief customer is the Chrysler Motor Corp. Some other factories shut down entirely.

However, Toledo Edison put its foremen to work, operating boilers and generators, and in this way presently resumed almost the normal flow of current. And at midnight the strikers, members of the International Brotherhood of Electrical Workers, held a meeting to decide whether to arbitrate their grievances.

Vote to End Strike

They had been demanding a wage increase of 20% since the expiration of their agreement on June 1. Urged on by their international officials and by Secretary of Labor Perkins, the strikers voted overwhelmingly to return to work immediately. So did 125 members of the Office Workers' Union, who had also struck. The two unions appointed committees to begin negotiating Monday in New York with officials of the

Henry L. Doherty Co., which indirectly controls Toledo Edison. The strikers declared the Toledo officials possessed inadequate authority to grant their demands.

Meanwhile, in the country as a whole, organized labor grimly waited for attacks by employers on code standards, and threatened immediate strikes if they came. Big business promised none would come. But there were scattered strikes

in small establishments, many of them in branches of the textile industry. Usually the strikes were in response to increased working hours.

One worrisome and protracted strike was settled when a majority of the employees of the Colt's Patent Fire Arms Manufacturing Co. voted to return to work. The company decided to reemploy all strikers except those guilty of violence or misdemeanor. Union recognition, which had been demanded by the strikers, was not granted. The strike, begun 13 weeks ago, had cost the company its Blue Eagle, and there were senatorial demands that the War Department refuse to buy its products.

The widespread lumber strike in the Douglas fir region of western Washington and Oregon was nearly ended, most of the mills having resumed operations after advancing the basic pay from 45¢ to 50¢ an hour, instead of the 75¢ at first demanded by the strikers.

In the Wake of the NRA Court Decision

The Dead

(Artificial respiration notwithstanding, these agencies are now defunct with the Court's invalidation of enforcement activities.)

National Recovery Administration, as now constituted, including more than 1,000 national and regional code authorities as well as the Industrial, Labor, and Consumers Advisory Boards

National Industrial Recovery Board	Newspaper Industrial Board
National Labor Relations Board	Petroleum Labor Policy Board
National Steel Labor Relations Board	Petroleum Administration
Textile Labor Relations Board	Petroleum Administrative Board
Automobile Labor Board	Textile Work Assignment Board

The Injured

Agricultural Adjustment Administration (stripped by implication of its authority to negotiate marketing agreements, impose licenses and processing taxes).

Federal Alcohol Control Administration (chief enforcement authority derived from NIRA; new legislation planned to plug the gap).

Numerous other New Deal and regular government agencies whose functions are altered, either directly or indirectly, by the casualties listed above: e.g., Reconstruction Finance Corp. (which no longer will make loans to processors and producers to fulfill AAA marketing agreements); Federal Trade Commission, and Tariff Commission (whose powers and procedure of investigation are affected); the Business Advisory and Planning Council (whose sphere of advising and planning is materially contracted); Commodity Credit Corp. (whose payments of agricultural benefits hang in the balance as AAA's financing is debated); Tennessee Valley Authority (which treads lightly lest its constitutional equilibrium be upset).

The Imperiled

(Established under Section 2 of Title 1 of the punctured NIRA, these agencies were endangered by the Court's threat to NIRA's continuation after the June 16 expiration date. President has already indicated first 4—possibly others—will be rescued by separate legislation.)

National Emergency Council
National Resources Board
Central Statistical Board
Electrical Home and Farm Authority
Public Works Administration Emergency Housing Corp.
United States Information Service
Federal Subsistence Homesteads Corp.
Federal Coordinator of Railroads (created by emergency railway act which expires June 16)

After the Price Storm

NRA decision tests wide belief in strength of underlying recovery factors. If that is sound, readjustments may bring increased buying.

WATCH price tags for the tip-off on what is to follow the Schechter decision. The price structure is under critical strain. If it gives way a number of unfortunate sequences are due to follow—ruthless price competition, wage cutting, chaos. Washington might be invited back into the picture as referee. On the other hand, if it holds after moderate adjustment, fairly punctual benefits can result.

So far, price changes are not indicative. There were spectacular breaks in speculative markets which reacted in characteristically mercurial fashion—but more to the pessimism of President Roosevelt's warning of 36¢ wheat and 5¢ cotton than to the Schechter decision. From the Atlantic to the Pacific advertisements of retailers headlined price cuts that fooled no one; they merely marked a reversion to use of loss leaders. The prominence of cigarettes, sugar, coffee, old-time favorites of price wars, showed what was going on.

For the time being new uncertainties

have put a quietus on almost every phase of business. No buyers look beyond a few days' supplies, naturally expecting some suppliers to be hungry enough for more business to make price concessions. There will be concessions. They were coming before the Court handed down its decision and they kept forward-buying under restraint while NRA's extension beyond June 16 was in doubt.

If prices can stabilize after adjustments and avoid collapse, a genuine wave of buying might be forthcoming.

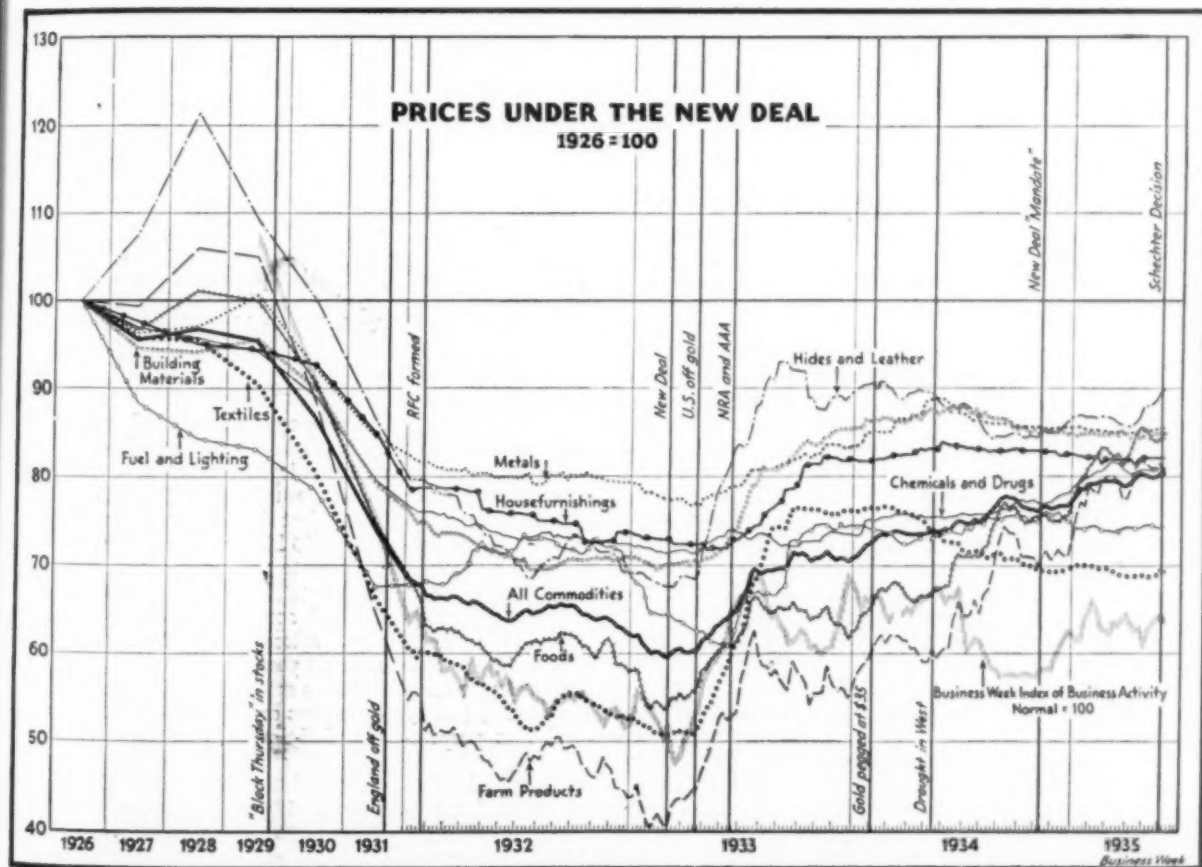
The situation provides the best test of the true business condition since 1929. The view is prevalent that fundamental forces are working toward definite recovery; that consumption needs are sufficient to warrant higher levels of business operations. If this presumption is founded on fact, price reductions would be expected to stimulate buying. Greater volumes would compensate for lower selling prices. Longer hours and larger payrolls would compensate for wage rate cuts.

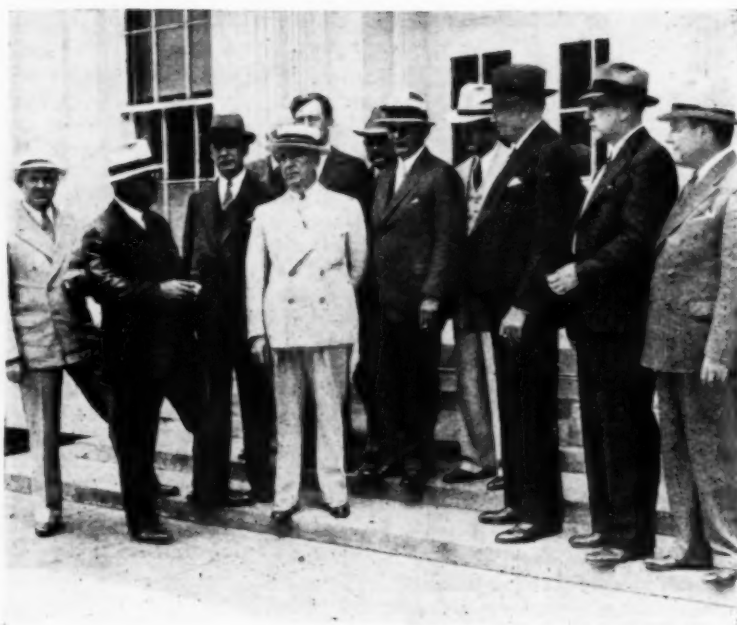
For that sequence of events, any shake-down of prices must be fairly prompt and followed by equally prompt stabilization. Otherwise, lower prices will come out of labor's pay envelopes, starting anew the vicious cycle of lower payrolls, lower buying power, lower consumption, lower sales.

In a swift readjustment this slashing at consuming power can be avoided. Wages never move—up or down—as quickly as prices. Major industrial groups propose to spare labor cuts if possible, which means at least no immediate drop in pay.

In the back of every buyer's head is the consciousness of potential inflationary elements in the monetary situation and the Administration's 1926 parity goal. That will encourage the laying in of generous reserves of commodities should prices show decisive firmness after code artificialities are eliminated.

Then NRA was only indirectly a price-fixing agency, exerting its influence mostly through increasing costs and preventing sales at less than cost. There are other more potent price-fixers left, however shaky, and fruits of NRA live on. In combination with other New Deal agencies, it elevated prices; more importantly, it narrowed the discrepancies between prices on major commodities. Over the last 2 years, the price curves for commodity groups have tended to con-





Wide World

BACK TO WASHINGTON—With the codes scrapped, industrial leaders turn again to the President for direction in averting threatening disorders. Within 48 hours after the demise of NRA these oil men representing 47 trade associations were at the White House to confer on possible developments. Amos L. Beaty (third from right) vice president of Phillips Petroleum Co. and former president of American Petroleum Institute, was named head of a committee to draft machinery for voluntary code compliance, to propose new oil control legislation.

verge toward the "composite" average as shown in the accompanying chart of Bureau of Labor Statistics wholesale prices.

While all prices have moved up one-third since the low point of 1933, it was the sorely depressed that have made the greatest advances. Farm products, aided by AAA and the drought, are 100% above 1933 lows; all non-agricultural products are only 15% higher. Raw materials needed the biggest lift, outside of agricultural items, and got it with a 27% rise against 15% for manufactured things.

There's Still the Weather

The great surpluses of 1932-33 in raw materials and farm products have been removed. Some of them cannot be rapidly replaced. Should AAA go out with NRA that would not restock the farms over night or take away the weather's jurisdiction over this season's crops. Some of the raw materials of industry are in a vulnerable position marketwise but increasingly of late their producers had dropped actual price-fixing from codes; lumber did so some months back; cement has never relied upon code provisions. Other building materials had little or no price regulation through codes.

Bituminous coal will need some new regulation along the lines of that for petroleum. Steel's price policy will be a point of vital interest but leaders hope to avoid major price changes. Among

the metals, copper has made such good use of code curtailment that stable prices are not impossible. The experience of other non-ferrous metals with informal regulations on production suggests the way out for the entire group.

For Drug Bill

Advertising Federation of America convention reflects new industry attitude toward Copeland bill.

In the past 2 years every major trade association in the food, drug, cosmetic, and advertising industries has devoted at least one session at every convention to the all-absorbing topic of the Tugwell-Copeland food and drug bill. Next week the first of those associations to meet since the bill was passed by the Senate also establishes a record as the first to drop from its convention calendar that chronic topic of debate. And in this fact is significantly reflected a new industry attitude: an eagerness to see the bill rushed out of the House Interstate Commerce Committee and pushed through to final enactment before it is caught in the closing jam of Congress and the ordeal thus perpetuated for another year.

Although the Advertising Federation of America and its 13 affiliated organizations manifest no concern over the Copeland bill, interest in the whole gen-

eral problem of consumer complaint against various distribution practices remains at white heat, is scheduled for a thorough airing at convention sessions in the Palmer House, Chicago, June 9 to 12. Speakers expected to touch upon this subject include Albert D. Lasker, president, Lord & Thomas; Mrs. Emily Newell Blair, chairman, Consumers' Advisory Board; Mrs. Anna Steese Richardson, associate editor, *Woman's Home Companion*; Colonel Robert R. McCormick, publisher, *Chicago Tribune*.

Christmas Club

Department store adopts plan used by banks to boost its holiday sales.

A SPECIAL Christmas "saving" plan, just announced by Marshall Field & Co., is expected to boost holiday sales at Field's main, affiliated, and branch stores next December.

It is to be managed just about like those thousands of Christmas "clubs" operated by banks throughout the country that last year put \$370 millions in circulation just at the start of the holiday buying season (*BW*—Nov. 17 '34). Field's proposes to pay 6% interest on the money paid into the fund by the club members.

There is, however, one important difference between Field's plan and that of the banks. When payoff time comes the banks issue checks, which the thrifty Christmas-clubber may spend when and where he sees fit. At Field's the saver gets a "credit certificate" which he can use only in Field's stores.

The banks get such profit as they can make out of the use of the money and pay some interest for that privilege. Field's also has the use of the money, also pays interest, but in addition gets its regular profit on the merchandise the "clubber" must buy in order to "cash in" on his thriftiness.

Forgotten Funds

THAT popular myth of accumulated treasures in forgotten savings accounts, to which legislators allude in urging that the state take title to such dormant funds, just doesn't check with the facts. Of the \$5 billions deposited in 138 New York state savings banks, forgotten accounts total only \$1.6 millions—just 0.032% according to a recent compilation. Interest stops on such accounts after 20 years.

Banks are constantly searching for the depositors or their heirs; some even employ full-time men on this job. Inactive accounts are not always those of deceased depositors. New York's East River Savings Bank recently found presidents of 2 other banks among the names on its 20-year list.

"JINX" DRIVE MEETS MATCH



**Ate up belt every
3 months until G.T.M.
specified COMPASS
2½ years ago**

EVERY plant usually has one hard-luck "jinx" drive. In a large mid-western flour mill it was the hammer mill grinder drive—and few drives are harder in any industry.

This particular drive requires a belt-speed of 8,000 feet per minute under a heavy load. Belt after belt had been tried, but the terrific grind literally wore them to a frazzle in three months, on the average.

Then, to cap the climax, a belt broke one busy morning, ripping out a brick wall, causing a costly delay. An SOS was sent out for the G.T.M.—Goodyear Technical Man.

He came. He saw. He analyzed—measured tension, torque and take-up to a "T"—figured load and overload—and recommended

a Goodyear COMPASS (Cord) Endless Belt.

Installed over two and one-half years ago, this very same belt is still purring a steady song. *After ten times longer service than the average of all previous belts, it has lots of life left!*

Now made endless — on the job

Cases like this—and there are hundreds—prove the remarkable superiority of the Goodyear COMPASS (Cord) Endless Belt on the toughest industrial drives. And now, with Goodyear's new patented vulcanized splice, COMPASS Belts can be made endless right on the job, enabling you to enjoy their

demonstrated economies on drives where heretofore impossible.

Individually specified by 

To no small extent COMPASS' great record is due to the fact that every installation is individually analyzed and specified by the G.T.M. The cost-cutting experience of this practical expert is at your service—just write Goodyear, Akron, Ohio, or Los Angeles, California—or the nearest Goodyear Mechanical Rubber Goods Distributor.

**BELTS • MOLDED GOODS
HOSE • PACKING**

MADE BY THE MAKERS OF GOODYEAR TIRES

THE GREATEST NAME

IN RUBBER

GOOD YEAR

Modernizing Main Street

America's stores are spending millions to improve merchandising plants neglected in depression. First figures on department and chain stores show what this kind of buying promises to equipment manufacturers.

MAIN STREET merchants are spending millions in modernizing their stores. The results are being felt in many industries and on many lines, notably steel, glass, air-conditioning equipment, paint, building materials, electrical supplies, display fixtures, business machines. And to those who have figured on the promise of the government's new move to insure modernization loans up to \$50,000 to cover work on industrial and commercial buildings (page 30) this looks like just a starter.

Showmanship Needed

Reasons for the modernization drive are fairly obvious. Successful merchants know that showmanship is the twin brother to salesmanship. In the depression years many of them haven't done anything about it. Now consumer buying is looking up and they are convinced that the time has come to employ their knowledge to refurbish their merchandising plants and bid for orders with more attractive store fronts, more inviting interiors, more efficient equipment. The cost of all this is still comparatively low. Finally, increased competition is a big spur.

The race for modernization hasn't just started. Alert leaders in 2 groups—department stores and chain stores—are already well on their way. What the

department store men have accomplished so far will be an important subject of discussion at the convention of the National Retail Dry Goods Association in Chicago next week.

Although there was no official timekeeper to clock the start of their race, observers generally concede to Marshall Field & Co. the honor of having been the first department store across the wire. The big Chicago store launched in 1932 a program of modernization that culminated last year in the \$600,000 installation of several batteries of electric escalators (BW—Oct 20 '34).

Eastern stalwarts say that R. H. Macy & Co. of New York was first, when, also in 1932, it started to overhaul its huge emporium from top to bottom, installed new and greatly improved store equipment and modernized display and selling fixtures in some of the main departments so effectively that they have served as the pattern for many other stores.

Observers concede that the bold moves of these two and a few other large merchandising units are responsible for the wave of modernization activities that has swept through the Main Street of almost every big city, with department or dry goods stores generally in the lead, chains and independents following closely.

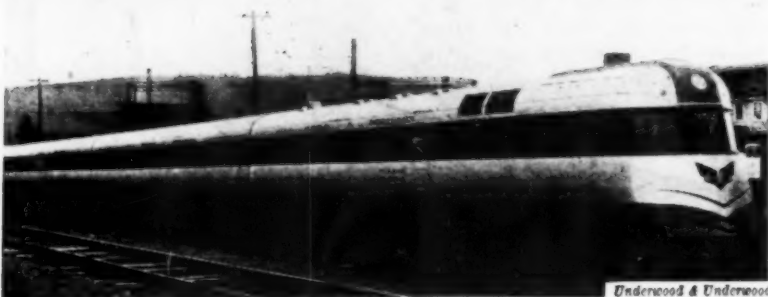
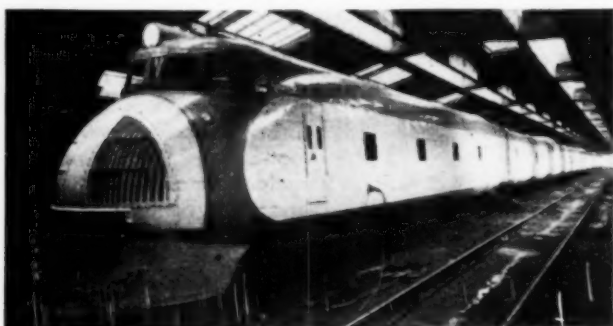
Because in some cities such retail modernization expenditures were found to be definite factors in turning the tide of local business toward recovery, *Business Week* has sought to determine which particular industries have benefited most and to what extent. For this purpose significant data regarding modernization have been obtained from 154 department stores. In addition, several chain store operators have furnished information. Of the total list of cooperating concerns, 76 department stores and one nationally known chain have supplied actual figures on expenditures.

These figures show that the 76 department stores were modernized at an outlay of \$9½ millions in 1934 and nearly \$15 millions in 1935, with expenditures of individual stores ranging from \$12,000 to over \$1 million.

Air-Conditioning on Top

Among the various classes of modernization work, the largest slice of the nearly \$25-million total went to the air-conditioning industry, which got over \$3.8 millions from 18 stores eager to have their customers shop in comfort even during the most sizzling August weather. Electric escalators, known to facilitate the flow of customers between floors and raise per capita sales, took a \$1.2-million slice. The total collected from the 76-store group by manufacturers of store fixtures, elevators, accounting and office machines, cash registers, and lighting equipment ran well into 6 figures. Similarly imposing amounts were spent for new show windows, signs, extensions, decorations, and major improvements of store interiors and arrangement.

Competitive rivalry apparently has



Underwood & Underwood

RAILROADING: 1935 STYLE—Here is the record of 3 notable steps in rail transportation. Upper left, Union Pacific's original streamliner, M-10001, rebuilt into a 7-car unit and rechristened the "City of Portland" which this week made its first trip from Chicago to the Coast on a 39½ hr. schedule. Upper right, the "Speed Witch" inaugurates the Pennsylvania's electrified freight service. Lower left, Gulf, Mobile & Northern's "Rebel," a standard width diesel streamliner built by American Car & Foundry, which can be altered in length to meet traffic demands.



Dual performance

... NOW

available in GMC 1½-2 ton TRUCK OF VALUE!

Saves gas and oil, lessens wear and tear and assures more power, pick-up and speed.

Now users of trucks in the 1½-2 ton range can get DUAL PERFORMANCE—that revolutionary truck improvement that seasoned operators everywhere have been quick to recognize as one of the few major truck refinements of the past ten years.

Already in the 2-3 ton range, the GMC Dual Performance axle has proved its ability to effect big savings in gas and oil as well as lower maintenance costs inasmuch as there is far less wear and tear on engine and other driving units. Power, too, is more

effectively utilized—the truck will climb a steeper grade, travel at faster speeds and handle bigger loads easier. All in all, Dual Performance saves money, saves time, enables the truck to do more work.

Weigh well the importance of this great GMC truck feature. Weigh, too, the importance of every one of the additional 47 cost-reducing features of the GMC 1½-2 ton truck of value, the truck that out-scores each of its chief competitors on many counts—out-scores with such important features as greater payload capacity, higher sustained torque and Lockheed hydraulic brakes with centrifuse drums and unusually large, quality brake linings.

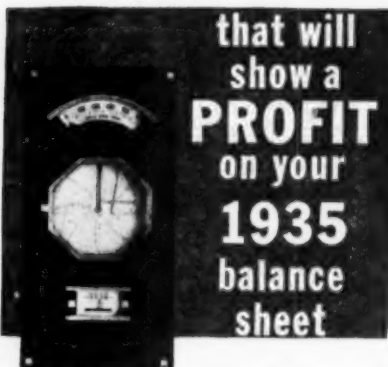
General Motors Trucks & Trailers 1½-22 TONS

GENERAL MOTORS TRUCK CO.

Time Payments Available Through Our Own Y. M. A. C.

PONTIAC, MICHIGAN

An Investment



that will
show a
PROFIT
on your
1935
balance
sheet

REPUBLIC FLOW METERS

cost little. In fact the investment you make for them is paid for through savings realized in a very few months. Therefore, with the investment written off during the year of purchase, the fiscal balance sheet will show the savings as net profit. The result stories that follow below give you a fair idea of the possibilities with Republic Flow Meters. They are saving money today in every line of business.

INVESTMENT PAID FOR IN 2 MONTHS

A western warehouse was selling steam to one of its tenants at a flat rate of \$75.00 per month. The tenant thought that they were being over-charged so a Republic meter was installed to measure the amount of steam actually used—the tenant is paying around \$250.00 per month. The meter cost \$325.00 and saved the warehouse company \$175.00 per month, or \$2,100 per year.

INVESTMENT PAID FOR IN 8 MONTHS

A small western meat packing plant operated two boilers which consumed on an average of one car of coal in seven days. Republic instruments were installed on the two boilers and the coal consumption was reduced to one car in nine days. A saving of 11 cars of coal per year—a return which paid for the instruments in 8 months.

\$36,000.00 SAVED THE FIRST YEAR

A Republic flow meter was installed in a cement plant on each of four kilns to measure the amount of gas consumed. Guided by the information obtained from these meters they were able to reduce their gas consumption by 10 per cent. Cost of meters—\$1,200.00. Total saving—\$36,000.00 per year.

Read about the possibilities for your business Republic Flow Meters are saving money for businesses similar to yours, too. Use the coupon and we will send these interesting stories included in our booklet "Republic Economy in Industry."

REPUBLIC FLOW METERS CO.
2238 Diversay Parkway . . . Chicago, Illinois

Gentlemen: Send booklet "Republic Economy in Industry."

NATURE OF BUSINESS _____

FIRM _____

NAME _____ TITLE _____

ADDRESS _____ CITY _____

been an important factor in stimulating the modernization of Main Street in some cities. In Chicago, Marshall Field & Co. started something like a parade. Now Carson, Pirie, Scott & Co. lines up with a \$1½-million program of modernization covering escalators, elevators, air-conditioning, other improvements.

Many Cities in Line

The move made by Wm. Taylor Son & Co. at Cleveland brought 4 other department stores into the modernization camp, and impressive remodelling programs are in progress at New York, Philadelphia, Cincinnati, Detroit, St. Paul, New Orleans, Los Angeles, San Francisco, Boston, Indianapolis, and other important cities.

Classified according to the nature of their modernization activities, the score of the 154 stores stands as follows:

Air conditioning	48
New lighting equipment	33
New display and sales fixtures	32
Painting and decorating	30
New show windows or entrances	27
New business machines	26
Modernized interior throughout	24
Extensions to building	23
Modernized entire exterior	19
Escalators (none previously)	8
New elevators	6
Modernized elevators	6
Miscellaneous modernization and rearrangement of selling floors	52

Chain stores have followed closely on the heels of department stores in the modernization parade.

One national chain with nearly 500 units spent \$4 millions in 1934 and has a similar amount appropriated for modernization in 1935. New store exteriors, fronts, display and selling fixtures, lighting equipment, cash registers account for over 90% of the schedule.

Chain Activities

Several important variety chains are carrying out a carefully planned schedule of store modernization, with the immediate and larger projects spotted where they find the keenest competition. Drug chains are joining in the parade as are grocery chains such as Kroger, National, Safeway. The A.&P. is not merely modernizing interiors. In many locations its standardized red store fronts with the well known sanded black and gold signs have made way for modern fronts topped by broad glass signs in gold, red, and black.

The modernization of Main Street has become so important a factor in some lines of business that other industries are expected to follow the lead of Pittsburgh Plate Glass Co. and Westinghouse Electric & Mfg. Co., which have cooperated in producing 4 visomatic films dealing with the theory and practice of store-front construction and lighting. These are to be used in promoting the sale of both companies' products as the market broadens out.

New Weapons

Stores put sales terms into the competitive battle.

ANNOUNCEMENT by Strawbridge & Clothier, Philadelphia department store, that cash buyers will hereafter get a 2% discount and charge customers will be allowed 1% if they pay within 30 days, has made store executives wonder whether competition is going to be extended into sales terms and credit.

Since, even in pre-code days, stores operating in the same trading area rarely fought for business with terms, this move in the "hometown" of department stores has come as a startling surprise.

However, this one isn't the only break. Almost simultaneously Gimbel Brothers announced that men's clothing departments in its New York, Milwaukee, Philadelphia, and Pittsburgh stores would sell for 20% down, balance in 6 months.

Trend Toward Instalments

Oldtimers predict that installment terms may soon become general in many big stores. They point out that several first-class ones in metropolitan centers have recently started to sell men's clothing on "time" and note that The Fair, Chicago's popular-price department store, began to offer storewide installment terms just a few weeks ago (BII—May 4 '35). They also see a trend in that direction in the "Letter of Credit" plan recently introduced by the Kresge Department Store in Newark and Lit Brothers in Philadelphia. This permits installment purchases up to a predetermined amount.

Several store executives are toying with the idea of changing selling terms. They know that actual or pretended concessions for cash attract buyers, that the public's willingness to pay a premium of 6% to 18% for the privilege of installment terms has been demonstrated in other fields. However, while they admit that such an offer as that of Strawbridge & Clothier may attract considerable extra volume, they also wonder what it may do to their net profits. If they are compelled to maintain the same level of selling prices, that 2% concession could easily wipe out most of the gravy.

Proponents of the cash discount idea answer with figures developed from a comparison of the last annual statement of R. H. Macy & Co., world's largest cash selling department store, and its charge-accounting subsidiary, L. Bamberger & Co. of Newark. These show that for the 53 weeks ended Feb. 2, 1935, Macy and its subsidiaries reported sales of \$118 millions and a profit (before deductions for interest, taxes, depreciation and dividends) of \$7,642,965.90. The Bamberger store accounted for \$28½ millions or 24% of sales, but only \$1,711,000 or 22.4% of the profit.

Pride and Prejudice

Normandie wins for France supremacy in transatlantic service. The United States—interested—stops to count the cost.

THE French Line berthed in New York last Monday what is, for the moment, the newest, largest, fastest, and most luxurious liner in the transatlantic service—which means in the world. Here are the figures which tell the story of the new *Normandie*:

Gross tonnage	79,280 tons
Length	1,029 feet
Beam	119.5 feet
Draft	36.5 feet
Height (keel to bridge)	128 feet
Number of elevators	23
Length of main dining room	300 feet
Length of swimming pool	112 feet
Horsepower	160,000
Size of crew	1,339
Passenger capacity	3,000

For perhaps half a dozen years, this great ship is likely to carry the cream of the de luxe trade, just as the *Bremen* and *Europa*, later the *Rex* and the *Savoia*, have carried it. Within a year, Britain's *Queen Mary* will enter the competition. Here are some comparisons to indicate where that competition exists:

Vessel	SIZE Gross Tons	Length In Feet
<i>Normandie</i> (French)	79,280	1,029
<i>Queen Mary</i> (British)	73,000	1,018
<i>Majestic</i> (British)	56,593	915.5
<i>Blenheim</i> (British)	52,101	883.6
<i>Bremen</i> (German)	51,656	898.7
<i>Rex</i> (Italian)	51,062	879.9
<i>Europa</i> (German)	49,746	890.2
<i>Conte di Savoia</i> (Italian)	48,502	814.6

Vessel	SPEED Knots
<i>Normandie</i>	29.68
<i>Rex</i>	28.92
<i>Europa</i>	27.92

For 3 or 4 months at the peak of the season, these giant liners carry near-capacity loads. During the winter months, they often cross with fewer than 300 passengers. Even skeleton crews on the smallest of the speed queens exceed 600. Obviously, these huge boats can be built and operated only when governments are willing to pay tremendous subsidies for fast mail service and navy auxiliaries in time of emergency.

The United States has at last given up operation of its one vessel in this class—the *Leviathan*. Losses on every voyage were too great for the prestige factor to counterbalance it. The *Leviathan* will be held in reserve for transport service. Smaller vessels like the *Manhattan* and the *Washington* (which cross in 6 days) are popular and far more economical.

To Europe, then, goes the glory—and the cost.

What Would A Complete

CHECK UP

In Your Organization Disclose?

GROUP LIFE INSURANCE

Of 100 average employees, 15 cannot qualify for regular insurance, 44 have no life insurance other than group, 32 have less than \$1,000. Group life insurance would protect your employees' families.

GROUP ACCIDENT AND HEALTH INSURANCE

One out of every seven employees is disabled for an average of 36 days a year. 85% of this disability is caused by sickness and 15% by accidents, of which two-thirds are non-occupational. Your employees need protection against accident and sickness.

GROUP HOSPITALIZATION BENEFITS

Hospital care for non-occupational sickness or injuries, obtained at very small cost, would be a boon to your employees.

GROUP ACCIDENTAL DEATH AND DISMEMBERMENT INSURANCE

One out of every ten employees' deaths results from an accident. 70% of these accidental deaths result from injuries while off duty. Accidental Death and Dismemberment Insurance answers a definite need.

GROUP RETIREMENT ANNUITIES

It is estimated that 300 companies in the U. S., with about 300,000 employees, have adopted underwritten retirement plans, and the number is constantly increasing. Greater efficiency and improved employee morale make an underwritten plan the least expensive solution to the retirement problem.

These five coverages constitute a complete protection plan. This is Group Insurance at its best, benefiting the employer, his employees, and the community.

Group Life Insurance, introduced by The Equitable in 1911, now protects 6,000,000 employees for an aggregate of \$10,000,000,000.

ADDRESS: DEPARTMENT
OF GROUP INSURANCE



THE EQUITABLE

FAIR — JUST

LIFE ASSURANCE

SECURITY — PEACE OF MIND

SOCIETY

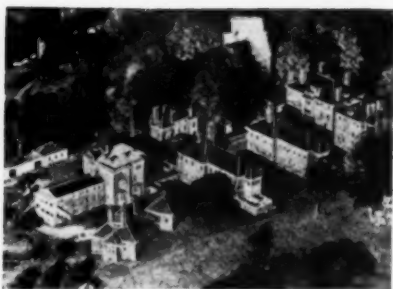
MUTUAL — COOPERATIVE

OF THE U.S.

NATION-WIDE SERVICE



Thomas I. Parkinson, President
393 Seventh Ave., New York, N. Y.



Aerial View of Backus Hospital, Norwich, Conn.

HOSPITAL ELIMINATES HEATING COMPLAINTS

**Webster Moderator System Gives
Backus Hospital Noiseless,
Well-Balanced Heating**

2-YEAR SAVINGS EXCEED \$2,500

Norwich, Conn. — How a carefully planned heating modernization program can correct the shortcomings of obsolescent heating equipment has been demonstrated in the William W. Backus Hospital, here.

Previous to November, 1933, when the modernization was completed, faulty steam circulation and noisy radiators were a source of constant annoyance to management and patients. Since the modernization and installation of the Webster Moderator System, hospital officials report that evenly balanced room temperatures and noiseless operation prevail in all buildings.

Mr. Shepard B. Palmer, of the firm of Chandler & Palmer, civil engineers and architects, and treasurer of Backus Hospital, is well satisfied with the modernized system, pointing out that fuel consumption was reduced the equivalent of \$1,512 during the particularly severe winter of 1933-34.

Fuel savings for the first six months of the 1934-35 season total 233 tons or \$1,059.26.

"The hospital is receiving a handsome return on the investment," Mr. Palmer said.

The age and condition of the installation prior to modernization were such that revision of the entire distribution system was necessary regardless of economy. By coordinating these necessary changes with application of the Webster Moderator System, the desired improvement to heating service and comfort was combined with a substantial reduction in heating cost.

J. A. Fitzgerald and Harold A. Dahl, both of Norwich, acted as modernization heating contractors, each doing a section of the work.

If you are interested in (1) improved heating service and (2) lower heating cost in your building, address

WARREN WEBSTER & CO., Camden, N. J.
Pioneers of the Vacuum System of Steam Heating
Branches in 60 principal U. S. Cities — Estab. 1888.



Outdoor Thermostat which provides "Control" by the "Weather."

Crisis in Coal

Decoded industry faces a strike June 16; and many operators favor federal control and unionization.

FOUR hundred thousand members of bituminous coal union locals in 28 states read this week an order sent to them by President John L. Lewis and other officers of the United Mine Workers of America. The order requires them to "refrain from entering the mines"—in other words, to strike—on June 16. They looked to Washington for a possible agreement to fend off the strike; but meanwhile they stood ready to obey the order.

May Affect 28 States

A strike will affect miners and operators in the 28 states that produce bituminous coal, unless the operators in some states reach a separate agreement with the union. Not only independent mines, but the "captive" mines owned by large industrial consumers such as steel corporations, railroads, and public utilities, will be shut down. Outside the danger zone are the anthracite mines, which never were under NRA but have been operating under a separate agreement with the union.

Stocks of coal on hand are estimated at a month's supply. Buyers are not being scared into immediate buying by the prospect of a strike, coal scarcity, and higher prices. The strike will occur in summer, when retailers need little coal

anyway. Purchasing agents and the coal trade do not know what effect the destruction of NRA will have on prices. They suspect that it may cut prices more than the strike can raise them.

Code Was Popular

Most operators liked the NRA code, though it enabled John Lewis to force a 35-hour week in place of the 40-hour one provided in the union agreement.

But last fall and winter a considerable amount of chiseling began. The union agreement was to expire Mar. 31, which was also the expiration date of the wage provisions in the code. Many operators made sales contracts to extend beyond that time, and the prices in the contracts undercut the code. Therefore the union demanded that the code be replaced by the bill introduced by Senator Guffey of Pennsylvania for federal regulation.

Meanwhile negotiations began for a new union agreement, the union demanding a 30-hour week and a 10% increase in pay. As the weeks passed without an agreement, President Roosevelt extended the wage provisions of the code to June 16—the expiration date of NRA. Now the Supreme Court has smashed NRA. So the industry has neither a code nor a union agreement. But the conference of operators and



BRICKS OUT OF OATMEAL—Lester L. Ladd, superintendent, Northern Illinois Cereal Co., makes oatmeal. Failure to obtain cups and saucers for premiums as rapidly as he wanted them led him to invent a rotary pottery kiln. Otis L. Jones, president, Illinois Clay Products Co., heard of it, then together Ladd and Jones evolved this new type brick kiln. A revolving platform carries products through all stages of the normal 21-day baking and cooling process in 80 hours, insures constant production by eliminating time lags for oven firing and brick cooling.

union officials agreed to continue the existing labor arrangements to June 16.

Union for Guffey Bill

The union wants the Guffey bill. Some operators in various sections insisted that a 2-year extension of NRA was enough; since the Supreme Court decision, many of this group have begun to favor the establishment of cooperative sales agencies, on the lines of Appalachian Coals, Inc., sales agent for 137 producers in the high-volatile region of Virginia, southern West Virginia, eastern Kentucky, and Tennessee. Most Northern and Midwestern operators favor what they call "special legislation"—that is, some such modified version of the Guffey bill as has been proposed by the National Conference of Bituminous Coal Producers.

The bill proposed by these operators would astound the average business man, unfamiliar as he is with their reasons for eagerly placing themselves under governmental control and unionizing their industry by law. They want a National Bituminous Coal Commission, of 9 members. They want a tax of 25% on the sales price of all coal at the mine, 99% of this tax to be remitted to any producer who accepts the code. The code members would be exempt from the anti-trust laws. There would be 21 boards of coal producers in 21 specified districts. The boards must fix minimum prices for the domestic market (including also Canada and car-ferry shipments to Cuba). The national commission may fix maximum prices, for continental United States only, but such prices must "return cost plus a reasonable profit."

Could Stop Unfair Practices

The bill specifies the same 12 unfair trade practices that the NRA code did. The commission is empowered to forbid them by cease-and-desist orders, backed up by criminal prosecutions and by the loss of the offender's credit on his tax.

Collective bargaining is guaranteed. A Bituminous Coal Labor Board, established in the Department of Labor, is authorized to compel meetings with the union. The commission must accept the labor board's findings and enforce its orders. Whenever maximum working hours are agreed on by the producers of two-thirds of the tonnage and a majority of the workers, it is binding on all producers. Whenever a wage agreement is made by the producers of two thirds of the tonnage in one or more districts and "representatives of the majority of the mine workers therein belonging to a recognized national association of mine workers," it is applicable to all the producers in such districts.

The bill does not provide, as the original Guffey bill does, for allocating production or for federal purchase of marginal coal lands; but it does direct the commission to study these proposals and decide whether to approve them.

Some give only
LIP SERVICE
to this idea

MOST sales executives are quick to admit that proper identification of retail outlets is urgently important. They realize that prospects too often go to the wrong dealer and accept "something just as good." But there are still some who do nothing about it.

Something can be done. Easily, surely, economically. Through the classified telephone book. List your brand name in classified directories (as many manufacturers are doing) wherever you have distribution.

Arrange to have your dealers list their names below. Then prospects can quickly locate your nearest representative.

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Retail



International News

RADIO POLICIES APPROVED—At its annual meeting the Advisory Council of the National Broadcasting Company hears President Merlin H. Aylesworth (left foreground) report on his 9-year stewardship of NBC affairs, particularly on the success of the advertising control policies which have been in practical effect for more than 1 year. Others, left to right: Felix M. Warburg, Newton D. Baker, General James G. Harbord, Dr. Walter Damrosch, Dr. Henry Sloane Coffin, Judge Morgan J. O'Brien, Owen D. Young, Ada Comstock, William Green, John W. Davis, Dr. Henry S. Pritchett, and Henry M. Robinson.

Independents Share Motor Gains

Broadening of price lines has helped to build sales for automobile manufacturers outside the Big 3.

FIGHTING a valiant battle against further encroachments by the Big 3, independent car manufacturers have the right to crow a bit about what they have done this year. With one or two exceptions, their sales have been better in 1935 than a year ago. Packard tops the list with a gain of 120%, Hupp (despite its internal dissensions) upped its business 104% to make the second best showing. Auburn follows with a 62% increase, and Nash is fourth with 61%. Of course, some of the gains appear more spectacular than they actually are because of the low level of business in 1934.

Hudson Improvement

Less sensational in percentage, but more important than most others because of its larger volume in relation to the industry, has been the improvement in Hudson's position. Hudson-Terraplane sales are 41% above the total in the early months of last year. During the first quarter it sold 38.4% of all cars delivered at retail by independent companies. It is fortified with \$6 millions of new working capital, has made much in a promotional way of the fact that it is the only company building bodies entirely of steel.

A broader line of products is the key to the independents' success. During the depression most buyers moved down a rung or two in the price ladder, most of them being satisfied to get below \$1,000. Dealers who got enough volume in good times by selling cars in a narrow price range found that they had to corral additional business in poorer times by having more variety to sell. Car makers took their cue from both consumers and dealers, set about giving both of them what they wanted.

Packard spent \$6 millions equipping a new plant for production of its One Twenty car in the \$1,000 price group, which supplements Packard's series of larger 8's and 12's. Result is that Packard made 6,100 cars in May, which was the best month in its history. It still has orders for over 8,800 cars, expects to build 16,500 cars in the second quarter. It is once again on the profit side of the ledger.

Nash set about its "broadening" efforts early in 1934 when it introduced the LaFayette as a companion car to its Nash series. Late in May it further fortified its dealers with a third line of cars, the Nash "400," dropped into a price niche between the LaFayette and

the regular Nash. This car joined the procession (already led by General Motors and Hudson-Terraplane) of all-steel top advocates. It has what Nash has dubbed the "monitor-sized motor" which eliminates some of the intricate design associated with most car engines, thereby increasing accessibility for minor servicing. To the LaFayette goes credit for boosting Nash's sales smartly this year.

Studebaker Works Out

Studebaker has worked itself out of a receivership (the first automobile company to perform that feat), is stripped of all burdensome fixed charges so that it boasts that it can make and sell cars as cheap as any manufacturer. It sold almost 16,000 cars in February, March, and April, is proud that 85% of the distributors and dealers who sold Studebakers when the company went into receivership are still selling Studebakers.

Graham-Paige is up 16% in retail sales from last year, thanks to its Graham 6 introduced in the lowest-price group at the beginning of the year. Auburn, once again under the guidance of Roy Faulkner, is staging a comeback. Reo has bettered its sales by 22%. Even Willys-Overland, in receivership and able to make cars only by court sufferance, has sold 58% more cars this year.

While struggling to maintain their positions against the Big 3, at least 2 independent companies have given the industry a glimpse of what fall introductions may mean in the way of stabilizing production, giving workers steadier incomes. During the past winter Hudson inaugurated a production control plan which resulted in employment of an average of 19,000 workers monthly during the slack season. The previous winter employment fluctuated from a low of 3,000 to a peak of 15,000.

Nash, in making major parts in advance, eliminated the necessity for so many emergency workers during the spring. It estimates that half of its employees were helped in this manner, the other half being engaged in actual assembly of bodies and cars and therefore being unavoidably subject to seasonal trends.

In the truck field, International Harvester has been the outstanding independent in registering sales gains.

Maybe It Was PEP

Last year Georgia Power Co. exceeded its appliance sales quota by 158%, rolled up total sales of over \$2½ millions, an average of \$22.50 per customer, against a \$9-per-customer average for 1935. Now the question arises whether that record was made because of, or in spite of TVA, EHFA, and the other alphabetical burrs under the saddle.



Renew your zest for living by moving your desk out to sea

Worries . . . problems . . . important decisions! How heat and sticky humidity magnify them. If only you could move your private office out on the after deck of a smart cabin cruiser and derive fresh inspiration from the cool, clear air of the great open sea. Sitting in your hot downtown office, do you ever day-dream that way? Why not make such dreams of relaxed comfort a reality merely by switching on a Frigidaire Air Conditioner?

Executives—remembering last summer's protracted heat wave—have installed more Frigidaire units than ever before. Many are enjoying the benefits of conditioned air in their homes as well as their offices; for calm, restful sleep in a cool

bedroom removes heat fatigue, and gives them fresh energy to attack the knotty problems of the new day.

Frigidaire Unit Air Conditioners not only cool the air, but also automatically dehumidify and circulate it. Constant comfort takes the place of varying temperatures. Many business men have found that air conditioning increases efficiency to such an extent that it pays for itself. These Frigidaire Air Conditioners are moderate in first cost and are economical in the use of current. Then, too, payments may be deferred over a period of months.

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Television Tasks

Important developments in image transmission are announced but the commercial stage is still a long way off.

ANNOUNCEMENTS of important developments in television are set to careful reservations pointing out that the commercial stage is still a long way around the corner. The art has merely left the laboratory for field experiment; it has been transferred from the cradle to the perambulator.

Reason for cautious discussion is concern for the established radio market. In England over-enthusiastic government officials promised the public that television sets would "soon be available." Result: an immediate drop of almost 40% in sound radio sales. American companies claim to be well ahead of foreign experimenters but seek to avoid hurt to the radio industry by keeping television publicity down to hard facts.

Expand Experimentation

Three steps, vital to television's future, have recently been announced in this country: (a) Radio Corp. will spend \$1 million in the next 15 months to erect a television sending station, build receiving sets (for its observers only), institute test programs; (b) the Bell Telephone system will spend \$580,000 on its new coaxial circuit capable of transmitting television of good definition between New York and Philadelphia; (c) RCA will further develop its iconoscope, a type of traveling television camera.

The iconoscope looks like a camera, is portable, can be used outdoors or inside. It aids enormously in freeing experiments from stationary laboratory equipment. Nothing moves within it but electricity. Instead of shooting light beams through holes in a spinning disc to scan the image, the iconoscope employs a cathode ray which projects a stream of electrons. This stream moves back and forth over a plate of minute photo-electric cells on which the lens throws the image. By returning every 1/24 second to repeat when the frame is finished, motion is followed. The tiny cells are charged variously by the gradations of light which form the picture; discharge of the cells by the electron gun furnishes the impulses which are carried to the receiver. Most important is a build-up of light in each element of the picture that greatly increases the sensitivity over previous photoelectric devices.

Expense a Big Factor

During the past 2 years clarity of television has been improved 30 to 50 times. But huge cost and transmission problems are still to be solved before the public can be asked to buy sets. Receivers for the home would cost up to \$500. These are built to the present-day transmitters and radical changes in the transmitters might make the receivers useless. The horizon (15 to 25 miles)

is practically the distance limit of transmitting. A huge outlay would be necessary to create a network for the entire United States.

There is a possibility of linking television stations by the new A.T.&T. coaxial cable. But the cost of this cable including terminals (about \$6,000 a mile for the first 92 miles between Philadelphia and New York) still leaves open the question of whether a series of rebroadcasting stations would be the cheaper. The future of the new circuits does not worry the Bell management as one of them is capable of carrying 200 simultaneous telephone conversations. Four dialogues is the limit in present open-wire circuits used for long distances. Each coaxial line consists of a copper tube within which is a copper wire. The wire is supported in the center of the tube by rubber disc insulators. The outer tube acts as a conductor and also shields the inner wire from external interference.

On Commercial Basis Abroad

While America is keeping step with world progress, other countries seem more impatient to commercialize television. Germany is up front. A network of transmitters is being built, daily programs are already being offered. Five German companies are manufacturing television sets. A typical one costs the homeowner up to \$300. Action pictures of Nazi meetings come in swell—and often.

Experience of Germany and England in this field illustrate one advantage the closely-populated nation has over our own great open spaces. Britain has appropriated \$900,000 for a program in-



TELEVISION AT HOME—In Germany television is already a commercial reality. Sets for visual plus sound reception sell from \$250 to \$500; a Berlin station broadcasts daily. At the left, a woman has lifted out the big cathode ray tube to examine the rounded surface on which the images appear; ordinarily this "screen" in the big Telefunken home receiver is framed in the square aperture. At the right is the image of a German actress as it was actually received on a set during the broadcast of a German movie.

cluding an experimental transmitting station in London. Nine more are planned and are expected to bring television to 50% of the English population.

Fox Film Recovery

Last year this troubled company made a profit; now it gains further strength through an advantageous merger with Twentieth Century.

Fox Film is graduating from its former position as grand headache of the motion picture business into a state of renewed health. Last year there was a \$11-million profit. Now the company receives a further transfusion of vitality through a merger with husky young Twentieth Century Pictures.

The combination strengthens Fox' production of pictures and gives Twentieth Century access to Fox' studios, distribution, theaters. Excitement over the move breeds rumors. One is that there are to be other mergers which will make Fox-Twentieth Century the leading company of the industry.

Fox' gain is United Artists' loss. Joe Schenck resigned as head of U.A. to take his Twentieth Century over to Fox. In 1933 (the year of the Fox reorganization) Schenck and the brilliant Swiss director, Darryl Zanuck, formed Twentieth Century which released through U.A. The new organization was free from the burden of high-priced movie palaces which cracked the backs of some large companies. Zanuck's intelligent productions were box office draws. Among his recent hits ("smashes" in movie jargon) were "The House of Rothschild" and "Les Miserables." Twentieth Century plans 12 pictures for the coming season, Fox plans 54 features and 110 shorts.

What About Sheehan?

Schenck becomes chairman of the combined company, Sidney R. Kent (Fox head) becomes president, Zanuck remains as vice-president in charge of production for Twentieth Century. But everyone is asking, "What happens to Winnie Sheehan?"

Winfield Sheehan is the uncannily clever Irishman who has long been vice-president in charge of production for Fox at one of those staggering Hollywood salaries. Official announcement says that he so remains. The dope is that it will take a year to see whether he or Zanuck comes out on top. Admirers who have watched Sheehan during past trials are confident of his future.

Through all storms, from the ousting of William Fox to the 1933 reorganization, Mr. Sheehan has glided through the air with the greatest of ease and never once missed the bar. Inner cliques that tried to get him have landed on their ears—outside the lot;

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powers in finance who looked askance at the imperial Sheehan salary have tried in vain to separate him from the payroll. Certainly this adroit genius can be of value to Fox-Twentieth Century and maybe there won't be any clash.

The merger is good financial news. Chase National Bank's loan to Fox

formed a high spot in Ferdinand Pecora's Wall Street investigation. When Winthrop W. Aldrich took over the Chase management from Albert Wiggin, he adopted the Fox loan as his particular and personal worry. A merger that helps Fox Film's chances of paying out must have his enthusiastic blessing.

Work Relief in Jam

Biggest snarl entangling the \$4 billions is Hopkins' hold-out against Ickes for projects spreading labor costs wide and thin—and cutting down purchases of materials.

THE work relief program is still at a standstill because of the split between Administrators Hopkins and Ickes on policy to govern selection of projects. Hopkins is enforcing his preference for low-cost projects by holding up in the Works Progress Administration many applications filed by PWA for non-federal projects and also by federal agencies for projects on which Hopkins regards the cost per man employed as too high. Only a total of \$13,269,700 was referred to President Roosevelt by the Advisory Committee on Allotments at its meeting on Monday.

Machinery Needs Oiling

While applications for federal and non-federal projects have been piling up, the machinery of the Works Progress Administration for receiving work relief projects initiated in local communities, which generally are of the type which Hopkins prefers, is very slow in getting started. State road allotments are held up because of Hopkins' decision that such projects should not exceed a cost of \$1,400 per man employed, which would confine the program practically to dirt road construction.

All developments point to the probability that the work relief program will be made up almost entirely of projects similar to those undertaken by the Civil Works Administration, under Hopkins' direction, in the winter of 1933-34. Contractors who have been waiting for some indication of the extent to which their services will be utilized have received no assurance of any considerable volume of work that would require their services, even on a management fee basis.

As the cost per man employed averages approximately \$2,000 on the projects so far approved, the direct labor cost must average even lower than \$1,100 on the remainder of the program if 3,500,000 persons are to be employed. This objective cannot be reached, even by stretching the imagination, and allowing practically nothing for materials. Harassed by the situa-

tion arising from the Supreme Court's decision outlawing NIRA, the President apparently is giving Administrator Hopkins his head on the work relief program.

Complications have arisen in practically every feature of that program. The CCC has discovered that its present enrollment of 300,000 cannot be doubled by drawing on relief rolls without further raising the age limit and modifying other eligibility requirements. No decision has been reached by the Advisory Committee on Allotments with respect to applications totaling \$65,000,000 for soil erosion control and \$156,000,000 for forestry work. Many other federal agencies are now uncertain as to what projects can be put forward with any prospect that their proposals will be approved.

In his meetings with Advisory Committee on Allotments, President Roosevelt talks entirely in terms of employment, not of projects. Nobody talks back and there is no longer any emphasis upon projects that will return part of their cost to the federal government. There is a possibility that allotments totaling \$1 billion recommended May 16 by ACA for roads, low-cost housing, and river and harbor improvement may be curtailed.

Rural Electrifier

Cooke of REA is hard-boiled liberal with a "business proposition."

OFF to such a flying start as to prompt the President to comment personally and gratifyingly at a White House Press Conference, Morris L. Cooke had the nucleus of an organization set up and operating in the basement of the Interior Building even as Mr. Roosevelt was verbally announcing his appointment to head the Rural Electrification Administration.

Slight, of medium height, grey-haired, his upper lip adorned with a close-cropped mustache, Administrator Cooke



Harris & Ewing

LIVE WIRE—Chairman of the Rural Electrification Administration, Morris L. Cooke has quickly set up an organization and is promising quick action.

gives the impression of sternness, of aloofness, which is only dissipated when—smiling, dark eyes sparkling—he can be persuaded to talk about his plans for

bringing electricity to thousands upon thousands of farmers whose economic condition has not stirred the ambition of private enterprise to do the job. With a jaw that is firm and square, and close, even white teeth that at 63 years of age are still his own, Cooke speaks in a low voice; but quickly, decisively.

An Available Republican

A Republican, he's acceptable to the Administration because so obviously fitted for the assignment—a hard-boiled liberal with a fund of first-hand information on what rural electrification is all about. A management engineer by profession, and an engineering graduate of Lehigh University, he directed Pennsylvania's Pinchot-sponsored Giant Power Survey to a successful conclusion in 1923; has served his time in shipyard and foundry apprenticeships; gained his primary political education during Spanish-American War days as an assistant engineer in the Navy, and took his post-graduate work with the War Industries Board.

With the Executive Order establishing REA dated May 11—Cooke's 63rd birthday—he has undertaken his assignment "full of hopes, and some firm convictions." And his No. 1 conviction is that if the utility industry, public and private, and the farmers themselves, don't bring likely projects to him, he'll have plenty to bring to them.

More Power to Farmers

REA will invite private cooperation in its rural electrification program, will also build plants in territory not reached by private utilities at present.

Of the 6 million farms in the country, about 800,000 are "electrified," but only 650,000 have "high line" service. The rest use individual plants—expensive to operate, and limited as to use. Estimates as to how many of the 5 millions remaining can now economically be given service range from 1 to 3 millions.

The fact that a much larger percentage of farms have telephones and automobiles than electricity in any form is cited by Administrator Cooke of the government's new Rural Electrification Administration (REA) as indicating the wide-open character of the opportunity for his program. He believes that only as the federal government assumes an active leadership through REA, assisted by state and local agencies, and by private and municipal utilities, can more than a negligible part of the task be accomplished within any reasonable time.

Many of REA's plans will call for serving territory not now occupied, and not likely to be occupied to any extent,

by private interests, and where reliance for the generation of power, if "high line" extensions are not economically feasible, must be on new plants, probably diesel-powered. The small hydro plant, while not to be overlooked, takes more time to build—important and limiting consideration under the terms of the work-relief program.

Cost per mile of rural lines will be held below \$1,000, including step-down transformers to serve 3 customers (expected average). Projects, whether proposed by utilities, by farm "cooperatives," or by individuals, go first to REA for study. When approved they pass to Frank Walker's allotment division; thence through the established work-relief administrative routine.

The number of miles of rural lines to be built this year has not been fixed; 30,000 miles is as good a guess as any; but everything will be conditioned upon what private utilities do. Cooke wants to make his \$100 millions go as far as possible. While estimating that it will



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We urge you to communicate with us for complete information on the lines in which you are interested. The trip to Leipzig and return can be made comfortably in three weeks' time, and for as little as \$350.00.

In the *General Merchandise Fairs*, some 5,000 exhibitors will show every possible item for department stores and specialized stores. In the *Building, Home and Industrial Equipment Fair*, there will be 1,000 exhibits of interest to manufacturers, engineers and architects. 37 gigantic Fair Palaces and 17 Exhibition Halls are required to house all these exhibits—yet the lines are conveniently grouped and displayed to save your time and make comparison easy.

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cover 20% of the job, he is entirely agreeable to having private capital assume as much of the burden as it wants. Wire purchases went to new highs in April; which would indicate that new lines, or extensions to old ones, were under way or contemplated for the immediate future by others than REA.

The government will participate in the financing of rural lines to the extent of offering loans, *not* grants, at 3% interest, to be amortized over a period of 20 years. Cooke is opposed to outright grants; insists that rural electrification can be advanced on a business basis.

Standard line construction specifications are now being prepared. They will not be made obligatory on private builders except as government-financed projects cannot otherwise equal the low cost per mile to be insisted upon. Relief labor will be used as much as possible, since absorbing the unemployed is the only basis on which REA can go back to the President for a second \$100 millions.

Factors of Choice

Apportioning of miles of new rural lines will be by districts rather than by states. Included in the formula are considerations of number of farms, their size, whether owner-operated, the farms' income, and, of course, the availability of relief labor in the area.

Cooke is counting on securing a substantial part of his rural electric loads from water pumping—particularly from pumping to supply supplemental farm irrigation. The extent to which this irrigation can be applied depends on at least 3 factors: (1) the existence of adequate water supplies; (2) the practicability of using water when and where needed; (3) the character and economic value of the crops to be grown. Out of a total estimated 769 million acres of farm land in the arid regions, supplemental irrigation can be applied to perhaps 134 millions. On this basis as much as 14.5 billion kw.-hr. of electrical energy could be used, the equivalent of 32 million hp. working 8 hours a day for 75 days a year.

Hitch for Hikers

HITCH-HIKING doesn't worry the railroads. In fact, they are encouraging it. Following a 1932 tip from the English and 2 years of experimenting here, American roads are going after the hiker trade this summer with a vastly expanded schedule of "mystery trains." These carry Sunday foot-sloggers from crowded cities to destinations unannounced but guaranteed to be close to nature. After a day on the trails from the rails, hikers take the waiting trains—some carrying "bridge cars"—back to town. After that, the only mystery is how they manage to get up on time Monday morning.

Mad at Meat

Angry women force thousands of shops to shut, but some reopen and fight, while others cut prices.

A STRIKE of housewives against high meat prices kept thousands of butcher shops in New York closed for a few days, and finally compelled some shops to reduce the prices of all meats except poultry by 4 or 5 cents a pound. These shops were allowed by the strikers to reopen. Many other shops reopened without reducing prices, and immediately there was renewed picketing and violence.

May Tackle Other Cities

Meantime, large packers complained with renewed vigor against "bootleg pork." They declared that in rural communities some small packers, who keep scanty records, have been evading a part of their processing taxes.

The meat strike, or boycott, will continue as long as its organizers can keep it going. They hope to spread it to all the largest cities and to other products than meat. In all cases they plan to attack those prices that people are angriest against—for example, milk and clothing prices, and utility rates.

There is a shortage of meat, and that is what has jacked prices up and made the strike possible. But the strike would not have attained its recent importance if communists had not taken advantage of the high prices and stirred up popular discontent. Recently there was a strike

in Los Angeles, begun by a housewives organization. Within a few days the communists had jumped in and practically stolen the show from the original leaders. The Los Angeles strike produced a decrease in prices.

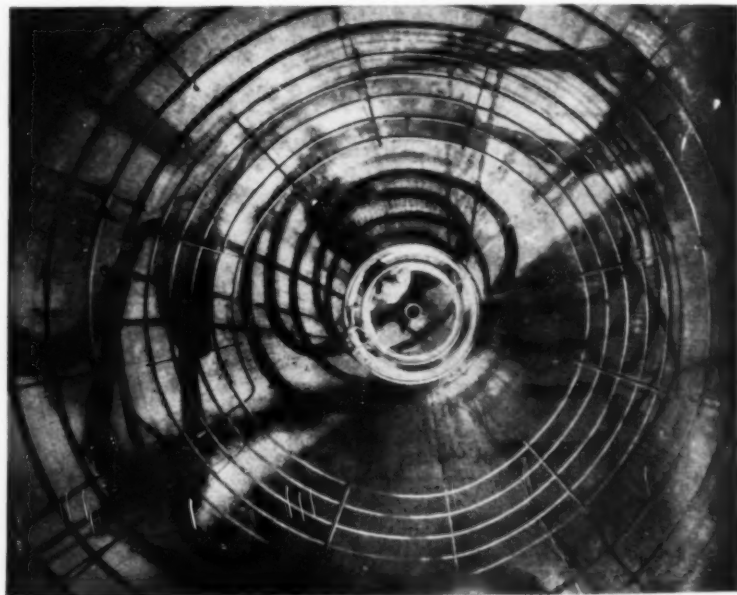
In the New York strike, the leadership was apparently communist from the start. The strike was directed by an organization calling itself the City Action Committee Against the High Cost of Living. Its offices were in the headquarters of the United Council of Working Class Women. By picketing butcher shops and intimidating butchers and customers, the strikers succeeded in shutting down thousands of butcher shops in Brooklyn, the Bronx, and various other parts of New York City within a few days.

At Least 2,000 Shut

Most of the places affected were kosher butcher shops. The officers of the Federation of Retail Kosher Butchers admitted that 2,000 shops had been closed entirely and others had been "partially" closed. The strike leaders estimated the number at 4,500.

The spirits of the strikers were kept at a hot and hostile point by the picketing of butcher shops, demonstration at packing plants, and visits to city officials.

While packers attributed the high meat prices to the pig-slaughtering program of the Department of Agriculture in 1933 and to the extraordinary drought since then, the strikers and some of the butchers declared that the packers were exacting unjustifiable profits.



DOWN THE BARREL—Only it's not a barrel, but one of 4 "outside fermenters," holding 199,000 gals. of mash apiece, just completed at the Pekin, Ill., plant of the American Distillery Co. Replacing the wooden tubs in which fermenting is usually done inside the plant, they cut down year round costs of cooling to handle the heat generated by the fermentation process. American Distillery boasts that these big fermenters, one feature of a broad expansion and modernization program covering main and branch plants, are the only ones of their kind in America.

New Products

New things, new ideas, new designs, new packages, new manufacturing and marketing methods.

TATTELITE, made by Littelfuse Laboratories, is a small neon lamp. Connected in parallel with any cartridge or plug fuse, it lights up when the fuse blows.

THE Do-All electric tool, offered by the Wodack Electric Tool Corp., functions as a hammer, drill, grinder or buffer, is advertised to drill holes up to $\frac{3}{8}$ " into metal, and when used as hammer, to drill holes into concrete or masonry up to $1\frac{1}{8}$ ". It can also be used with special tools to cut, chip or chisel.

LAMPS for Ford cars are now rust-proofed at the Flat Rock (Mich.) plant by a new process, which calls for a rub-down of the parts with low-grade gasoline after which a conveyor belt carries them for $4\frac{1}{2}$ minutes through an improved zinc bath process using an alternating current. The rust-proofed article is then sprayed with hot water, rinsed, and dip-painted.

THE new Stabilized wallboard announced by the Upson Co. has been made moisture-resistant to reduce danger from buckling or shrinking. Both sides carry the new Primelac surface on which one coat of paint will produce a good finish, thereby eliminating time and expense of a priming coat. A new line of Duplex moldings and ornaments has been developed to facilitate the use of the board on ceilings and walls.

LEEDS & NORTHRUP Co. offers its electrical resistance type of thermometers for regulation of air-conditioning systems, claims them accurate and effective for temperature and humidity control.

PAPER curtains, offered by the Dennison Mfg. Co., are advertised as sagless, sun-tested, showerproof, come in numerous patterns and color combinations, may be ironed—when necessary—to stretch their service record, retail at popular prices.

THE Sanitator, offered by the Low Chemical Co. for office and household use, is a small, compact, and popular-priced device for applying a proper quantity of Steriphone, a disinfectant, to the mouthpiece and ear piece of telephones.

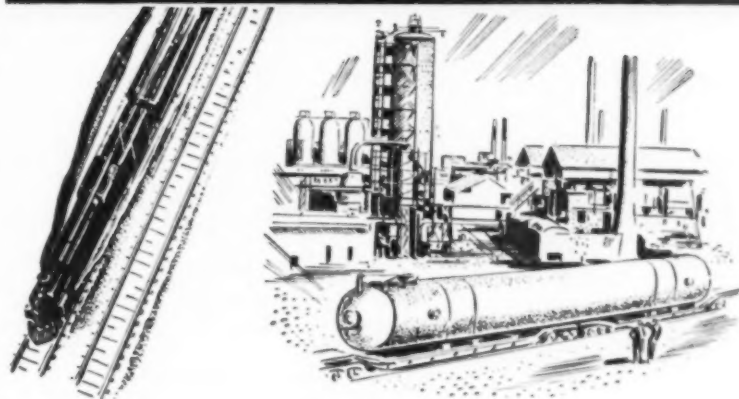
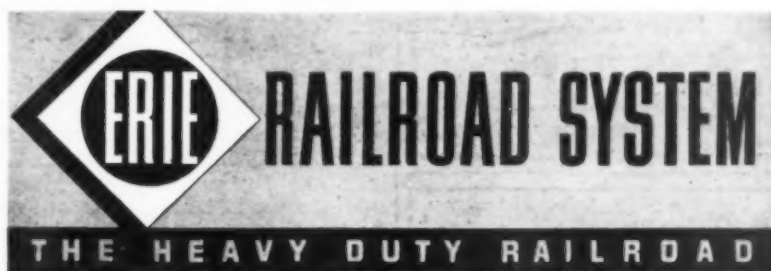
A NEW patented machine, now offered by the De Vilbiss Co., will apply a uniform coating of butter, flavoring oils, or other sprayable substances on both sides of cookies, crackers, biscuits, or similar small products at a conveyor speed of 70 ft. per minute. Makers claimed for it drastic savings in use of materials.



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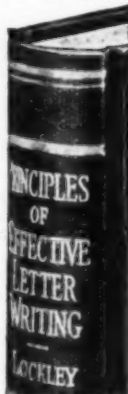
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- nearly three hundred illustrative letters, from successful firms all over the country.
- analysis telling why each letter was successful and how to apply the conclusions to your own letters.

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Budget Doesn't Threaten Taxes

Federal expenditures are running under, income above, estimates. But something must be done about those nuisance taxes and security program will need money.

THE federal budget is not working well from a bookkeeping standpoint, but taxpayers will not complain about it. With one month to go on the fiscal year that ends June 30, the exchequer shows that the New Deal will have cost \$1.5 billions less than anticipated, that tax revenues will run over expectations by almost \$100 millions.

Miscellaneous internal revenues, tobacco, liquor, excise taxes, and similar items that grow with higher domestic business volumes were the source of the big gain in receipts, running \$100 millions above expectations in the last 6 months. Income taxes will run \$230 millions ahead of the previous year but this is in line with Treasury prognostications. The largest proportionate revenue gain came from customs which will exceed the budget figures by some \$80 millions. Duties in imports show a 22% gain in the first 5 months of 1935 as compared with last year, substantially more than the increase in actual goods and reflecting, in part, high-duty food products imported. Conversely, curtailed consumption of domestic farm products subject to processing taxes has put the Treasury further behind AAA's "self-financing" farm program with revenues falling about \$60 millions short of year estimates.

All in all, revenues for the year to June 30 will be around \$3.8 billions against first-of-the-year estimates of \$3.7 billions.

Less Than \$7 Billions Spent

But expenditures, even allowing for lavishness in the closing weeks of the period, will be under \$7 billions against the \$8,581 millions set in the President's January message on the budget. Hence a deficit around \$3.2 billions instead of the \$4.8 forecast last January and a 2-year New Deal deficit of \$7.2 billions against the \$10 billions predicted by President Roosevelt in his first budget message, January, 1934.

The spending program fell down all along the line. For 11 months expenditures in the "regular" budget were \$663 millions short of the total projected for the year. "Emergency" spending is \$1.5 billions short of the goal the President set last January. Provision for veterans is the only major item exceeding expectations. Veterans' Administration took \$559 millions in 11 months against an allotment of \$545 millions for the full year. So far, the Federal Emergency Relief Administration has spent only \$1.1 billion of the \$1.7 billions

allotted to it. The public works program is falling short, notably on highway building which consumed only \$297 millions in 11 months against provisions of \$429 millions.

In the light of experience with 2 Roosevelt budgets that far overshot the mark, there is a natural inclination to cut down the expense figures of the 1936 budget. By the same token the tax bill which is about to become urgent business in Congress holds less concern for business than might otherwise be the case. Expenditures of another \$8.5 billions were projected for the year that starts July 1. That includes \$930 millions for the regular departments and miscellaneous government services which failed to use \$756 millions provided for them in the 1935 budget. \$792 millions for national defense, although the arms of the government did not use up the \$613 millions allotted them this year. The veterans are allowed \$702 millions against needs of roughly \$600 millions in 1935. Provisions of \$4,582 millions for the relief program will compare with \$4 billions used this year. It seems the President has again provided generous margins.

Revenues were expected to reach \$3,992 millions which may be \$400 millions less than actually rolls in.



BATTING AVERAGE: 1,000—When White Motor Co. employees went out on strike, President Robert F. Black chose bats and balls in preference to nightsticks and tear gas as the most effective defensive weapons. Result: the strike ended in 1 week with no bloodshed, no property damage.

But included among the prospective revenues are \$378 millions from taxes that will end June 30 or 31 unless extended. These are the emergency nuisance taxes of which the 1c gasoline tax that brings in \$170 millions is most important. Other big ones are \$35 millions from electrical power sales, \$32 millions from automobiles, \$25 millions on tires and tubes, \$25 millions from lubricating oil, \$20 millions from telephone and telegraph tolls.

The deadline on extending those levies is bringing the tax matter to a head in Washington before Congress is ready for it. As things stand now there seems nothing to do but erase the terminating dates on these special levies. But there are those 2 pending matters of the bonus and the social insurance program for which more money would be necessary. On the bonus the President has insisted that it must be accompanied by new taxes. No one knows even what would be necessary for social insurance.

Black of White

Balls, bats, and bowling alleys are Robert Black's soft words that turn away the wrath of White Motor Company striking employees.

A soft answer turneth away wrath—apparently even the wrath of automobile workers who walk out of a company plant demanding 15% to 20% wage increases, seniority rights, and union recognition.

Such is the commonsense discovery of Robert F. Black, president of the White Motor Co. of Cleveland, who, after serving as the company's chief executive for a little more than 1 month, found himself on May 21 face to face with a Class A labor crisis.

After a vote of 1300 to 76 in favor of striking, the United Automobile Workers local served notice at 8 o'clock in the morning that 2 hours later the company's 2,500 workers would walk out. And at 10 o'clock Mr. Black and other company executives walked out with them, establishing temporary headquarters in a downtown office building.

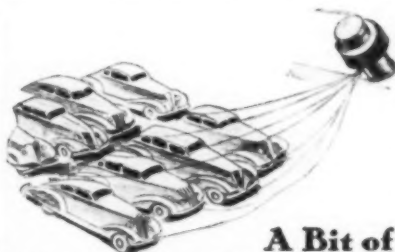
Sympathetic Visitations

Later that day—and every day after that—Mr. Black paid the strikers a visit, sympathetically observed that the boys weren't having much fun on the picket lines. To relieve the dismal tedium, he bought some balls, bats, and gloves, suggested that the strikers use the company parking ground in lieu of some more desirable but far too distant regulation diamond. Later, he saw that the facilities of a nearby bowling alley were made available to the hundreds of employees who, while waiting their turn on the ball-playing picket line, had nothing

#2
and while I appreciate what you say about the rates, I investigated and found that even with a ridiculously low estimate of their coverage we can cover several sales territories with that one station at less than half the cost of your plan. And another thing—WLW has the bulk of the listeners in the towns you mentioned.

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And yet, with this remarkable overnight service, United never hurries. Plenty of time to select the restful and comfortable flying levels. Ample time for convenient stops along the way.

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cause United, and only United, flies the *direct* Mid-Continent Route! Straight across America... the 3-mile-a-minute twin-engined Boeings take the Nation in their stride.

Never a sign of haste or hurrying.

But you span the continent coast-to-coast overnight just the same. No wonder United is the choice of air travelers from East or West. These quiet, sturdy all-metal Boeings have merited the increasing preference shown for them by thousands of veteran air-travelers! And with United's record of 80 million miles of flying, 60 million miles of which have been over this self-same Mid-Continent Route, is it any wonder you hear the old-timers advise the first-timers: "Fly United . . . and you'll never travel any other way!"



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FLIES MORE PASSENGERS THAN ANY OTHER LINE IN THE WORLD

better to do than help company watchmen pick up cigarette butts and police the grounds.

May 23 he took full-page newspaper space adroitly to tell the story of why "No one ever wins a war or a strike." Began Mr. Black: "The victor of a war never wins the most important thing of all that can make for permanent peace—THE FRIENDSHIP OF THE VANQUISHED." Concluded Mr. Black: "If there are forces at work which succeed in destroying the friendly relations between White's management and its employees, Cleveland will lose a large industry, White will lose its investment. White workers will lose their jobs. WHO CAN WIN?"

May 28, he took another full page to announce that amity had been preserved and, incidentally, to boast that during the single week of strained relations the sale of White trucks and buses had reached the year's peak.

Not publicly announced were the terms of the re-engagement but *Automotive Industries* reports that "after examination of company books, union leaders did not insist on a wage increase."

Utilities Hit Back

Power industry convention sounds call for counter-attack.

THE utility industry, favorite target of Administration attacks, is coming into strength again, has taken heart at the setback given the Administration in the NRA case. There is hope now that, with federal powers under critical court eyes, the Wheeler-Rayburn bill and the TVA amendments may be de-venomed.

At Atlantic City this week the industry displayed its revived courage. Lashing out at the string of plagues that have attended the utilities all the way from the 3% tax on consumers' bills to the Wheeler-Rayburn measure, officials of the Edison Institute made it clear that they intend to fight for their lives and rights, and that they believe Wheeler-Rayburn as clear a violation of constitutionality as the NRA codes.

Thomas N. McCarter, outspoken head of Public Service of New Jersey and president of the E.E.I., used resounding words in denouncing Administration attacks, characterized TVA's so-called yardstick as "monstrous," promised a relentless campaign to safeguard the welfare of the industry.

The convention made short work of the Federal Trade Commission's report on the electric light and power industry investigation, describing it as a vicious piece of dirt-digging catering to the proponents of public ownership, prepared by fearful subordinates, containing incredible distortions of fact and false theories.



"The Upstairs came Down"

A little girl (so the story goes) went shopping with her mother and had her first ride in an elevator. "How did you like it?" asked her father when she returned. "Why it was so funny, Daddy," answered the child. "When we went into a little house, the upstairs came down."

THE little girl's description of her elevator ride is truly a flattering one. And we can rightly say that we have been working all these years to make the upstairs come down. First in developing the Otis Elevator into the fine machine that it is today. And, secondly, in creating an Elevator Maintenance Service that is a worthy guardian of that elevator.

We organized Otis Maintenance because we felt that any one who purchased an Otis Elevator considered it the best that money could buy and that he would be glad to have it maintained by the same company who made it. There is no

reason for an Otis Elevator ever to give trouble or poor service if it is properly cared for.

The Otis Maintenance Service is a complete service. This means that the building owner who subscribes to it has no unexpected elevator repair bills. No bills for new cables. No bills for replacement of worn parts. All these are included in a fixed, reasonable monthly rate. In other words, the Otis Maintenance Service covers everything that has to do with the care and repair of your elevators.

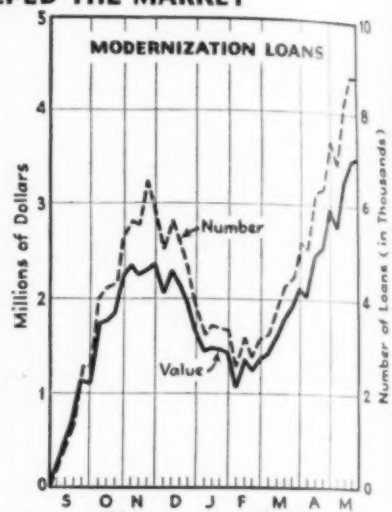
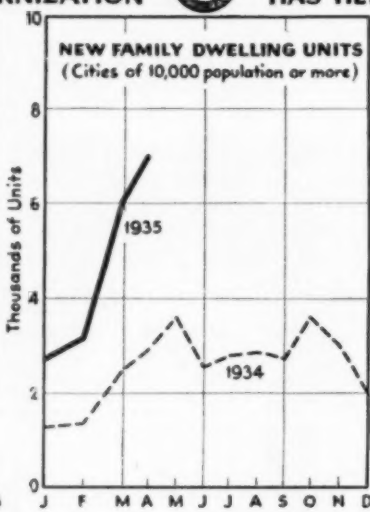
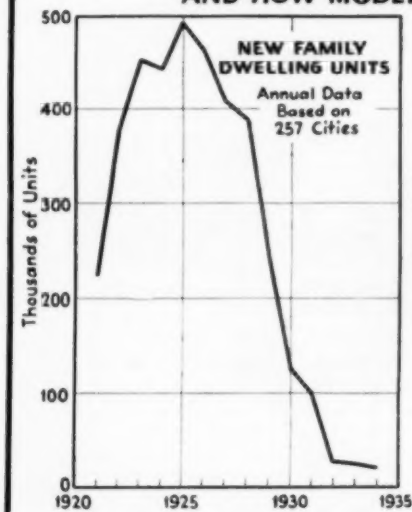
The freight elevator (as well as the passenger elevator) is in the right hands when under Otis Maintenance.

Otis Elevator Company

WHAT'S HAPPENED AND HOW MODERNIZATION



TO HOME BUILDING HAS HELPED THE MARKET



The Housing Market

II. Sales tools for the home building and equipment industries are being provided by FHA's modernization drive, its mortgage insurance system, its emphasis on higher standards and new types of construction.

FOR cultivating this year's \$640-million housing market (*BW*—May 18 '35), the Federal Housing Administration has provided tools that the home-building and equipment industries are fast learning how to use. The modernization program that had to start from scratch last summer is now climbing to a new peak at a rate of \$18 millions in cash and credit business every week.

Total business booked since Aug. 1, 1934, is estimated at \$435 millions, of which \$72.5 millions was financed by modernization credit loans. Better-housing campaigns have been organized in 6,500 communities. Loans are moving through the wickets of 13,400 banks and other lending institutions insured by the government against any probable loss.

Ante Raised

More than 4,500 manufacturers are participating in the business generated by the modernization credit plan that, by amendment to the National Housing Act just approved by President Roosevelt, is extended from Jan. 1 to April 1, 1936, and broadened in scope to include modernization of industrial and commercial buildings (also apartments, hotels, and offices) by raising the present limit on FHA insured loans from \$2,000 to \$50,000 for this purpose.

Building modernization is rapidly turning over idle dollars but it is only

a starter on FHA's ambitious program. For stimulation of new home building there is its mutual mortgage insurance system. This long-term amortization plan is available also for refinancing existing homes, but early experience indicates that about one-third of the dollar volume of its operations will go for new homes. Regulations are designed to assure the benefits of the insurance system to the substantial element among operative builders and thus extend it to cover the bulk of new home construction.

Loan Insurance Accelerated

Between December, when insuring offices were opened in 61 key cities, and May 25, FHA received more than 13,000 applications for insuring loans totaling \$56 millions, 33% of which represent new construction. Commitments have been issued on 5,852 loans totaling \$25.1 millions; 5,894 applications for \$23.8 millions are under consideration; 1,438 mortgages totaling \$5.9 millions have been insured. More than 5,300 lending institutions have accepted FHA's contract to make loans on terms which eliminate many of the abuses which besmirch traditional methods of home financing.

As another step, the Administration's pending banking bill would authorize commercial banks to make long-term real estate loans, modify present restrictions on the amount of capital a bank

may invest in such paper, and raise the percentage of the loan allowance in proportion to appraised value. This move towards broadening the market for mortgage investments is opposed by the building and loan associations, which represent that they are in a position to lend \$1 billion this year and that, under the present law, commercial banks are authorized to advance \$3 billions more in mortgage loans.

Can Borrow Direct

To make sure that the advantages of its system are available to every home owner and builder, FHA will accept applications direct from the would-be borrower. If no local institution is willing or able to advance money on the Housing Administration's commitment to insure the loan, FHA turns to one of the 71 life insurance companies or to other institutions that have earmarked some portion of their resources for investment in insured mortgages. Approximately \$326 millions have been allocated for this purpose to date. The total does not include many institutions approved by FHA as mortgagees which have made no definite allotment of funds.

A new amendment to the National Housing Act provides that upon foreclosure of an insured mortgage and conveyance of the property to FHA, the holder receives a bond which includes in its face amount, interest on the unpaid principal of the mortgage. This is designed to increase the attractiveness of insured mortgages to investors. Under the law as originally enacted, the holder of a mortgage received, upon foreclosure, only a certificate of claim for this interest.

Besides stabilizing the value of existing homes by a rational and uniform method of appraisal, FHA is seeking to

BIGGER MARKET

By an amendment to the National Housing Act signed May 28, federal insurance of modernization loans, previously limited to \$2,000 and largely confined to jobs on small dwellings, is raised to cover amounts up to \$50,000 for modernization of all types of industrial and commercial buildings.

This means that government support has been put behind building supply and equipment manufacturers in a new field of tremendous sales possibilities.

First official announcement of FHA, calling a conference of trade publication advertising managers at Washington, June 6, said, "A big part of the [promotion] job must be done by the trade papers and particularly by the advertisers in trade papers."

raise the standards of new housing by putting more emphasis upon sound dwelling construction and careful neighborhood planning. Property standards established as requirements for mortgage insurance admit the use in any locality of materials, equipment, and methods of construction whose durability and suitability have been demonstrated by experience in that locality.

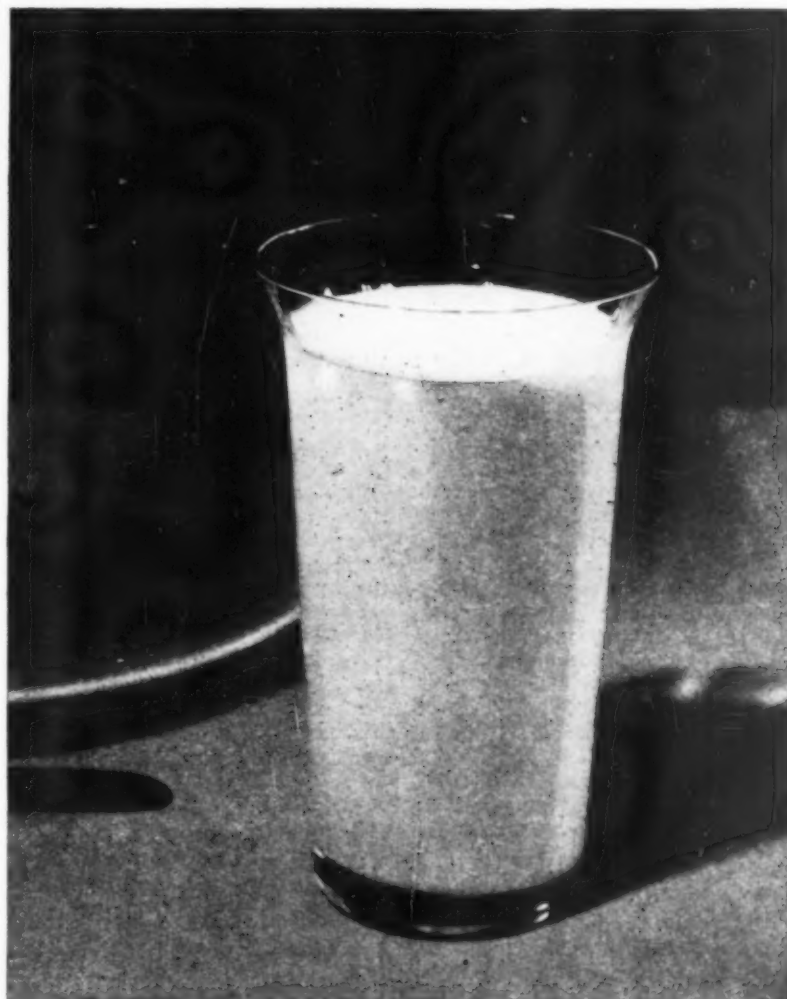
But because FHA is convinced that, so far, we have had only a glimpse of the exciting developments in housing construction, new methods are being authorized following examination and tests. FHA is steering clear of the fight of competing materials for markets. It is interested primarily, not in the material itself, but in how it is used. The inspiration for the development of such new methods of construction is furnished, however, by the manufacturers of materials and equipment.

New Methods Approved

To encourage new ideas and to help their originators to build volume, FHA's technical division has certified as acceptable for use in property otherwise eligible for mortgage insurance the methods of construction developed by the following firms: American Houses Inc., New York; Corkanstele, New York; General Houses, Chicago; Goldsmith Metal Lath Co., Cincinnati; Inter-Industries Inc., Rochester, N. Y.; Arthur H. Olmsted, Rye, N. Y.; The Dextone Co., New Haven; Holsman & Holsman, Chicago; Judson Vogdes, Philadelphia; Berger Manufacturing Co., Canton, O.

Specifications and test data on new methods of construction may be submitted to FHA's technical division directly or through its field offices. FHA may consult the Bureau of Standards, may have tests made at the U. S. Forest Products Laboratory at Madison, Wis., or elsewhere under its supervision. When a ruling on acceptability is issued,

HOW CONCRETE MAKES GRADE "A" MILK



GOOD, wholesome milk! Far-reaching safeguards protect its quality, specify the conditions under which it is produced. Thus, Grade "A" rating not only designates food value but also requires a "perfect score" on sanitary regulations best complied with in a concrete dairy barn. For example:

"The stable floor must be watertight," say State and City regulations. And that means just one thing—well-made concrete, thoroughly cured, so as to be hard, dense, non-porous. But there's the hitch,—for that kind of concrete has to be cured 19 days under water, if ordinary cement is used—too long for most jobs. The solution—'Incor' 24-Hour Cement, which cures five times as fast and produces watertight concrete in a fraction of the usual time.

For concrete projects large or small, 'Incor'* assures stronger, denser, more watertight concrete—in fact, you might say, "Grade 'A' Concrete." Made and sold by producers of Lone Star Cement, subsidiaries of International Cement Corporation, New York; also sold by other cement manufacturers.

*Reg. U. S. Pat. Off.

'INCOR' 24-Hour Cement

copies are furnished to all FHA field offices for reference in considering applications for insurance of mortgage loans. A survey by FHA's technical division reveals the wide extent of experimentation now in progress utilizing materials of every description.

New technique designed to lower the cost of sound construction in large volume, coupled with insurance of the mortgage risk, is regarded by FHA as a sure means of extending home ownership. FHA also believes that mortgage insurance affords a real opportunity for private investment in low-cost housing of the group dwelling and apartment house types, independent of PWA's sub-

sidized slum clearance projects. Five limited dividend housing developments totaling \$11.4 millions have been approved to date as eligible for insurance of the mortgage loans. These are located at Meadville, Pa., \$900,000; Clarendon, Va. (Washington, D. C.), \$1,130,000; Brooklyn, N. Y., \$8,000,000; LaGrange, Ill., \$158,500; and Dundalk (Baltimore), Md., \$1,289,140.

(This is the second of a series of factual articles on the housing market, what it promises to manufacturers of equipment and materials, how its development is being stimulated by private efforts and government aid. A third article will appear in an early issue.)

Canada Trims New Deal

Warned by Washington's experience, Canadians revise New Deal bills. Tariff Board may get new powers.

OTTAWA (Special Correspondence)—Canada, like the United States, has a difficult constitution that cramps the style of New Dealers. Difference is that, while Washington went ahead regardless, and now sees its New Deal upset by the courts, Ottawa recognizes the constitutional obstacles in advance, hesitates, and is moving cautiously. Canadian New Deal measures for control and regulation of business will not have all the teeth the more ardent New Dealers desire, but what teeth there are will be in less danger of extraction. Here, too, it is a case of constitutional division of jurisdiction as between the federal authority and local authority. Most matters affecting industry and business in which New Dealers want to intervene are held to be under provincial authority.

Since publication of the Stevens Commission report 6 weeks ago, Justice Department experts have been trying to put its recommendations into bills that would be within the limits of the constitution. They concluded they couldn't do it. Best available outside counsel was called in and agreed with the department. Result: The bills are trimmed.

Commission Powers Cut

Most ambitious of the New Deal measures, the proposed Federal Trade and Industry Commission, will be far short of what was intended. It will probably be asked only to investigate and disclose regrettable conditions in industry and business, will not have authority to enforce corrective regulations. It will have to make publicity its principal weapon against industrial and business evils. However, statutory authority over combines, monopolies, and other business organizations and practices is being transferred from the federal Labor Department to the commission.

Introducing other New Deal meas-

ures on hours of work and wages, Minister of Justice Hugh Guthrie admitted to the Commons that the best legal opinion held them outside federal jurisdiction, hence not likely to be sustained by the courts. His admission suggests the government would not be distressed if parliament refused to pass them.

Canadian business interests which are opposed to government intervention have been encouraged by the developments in the last few days in Washington and Ottawa, though perhaps rejoicing has started too soon.

Canada's constitution may prevent federal authority from fixing wage scales

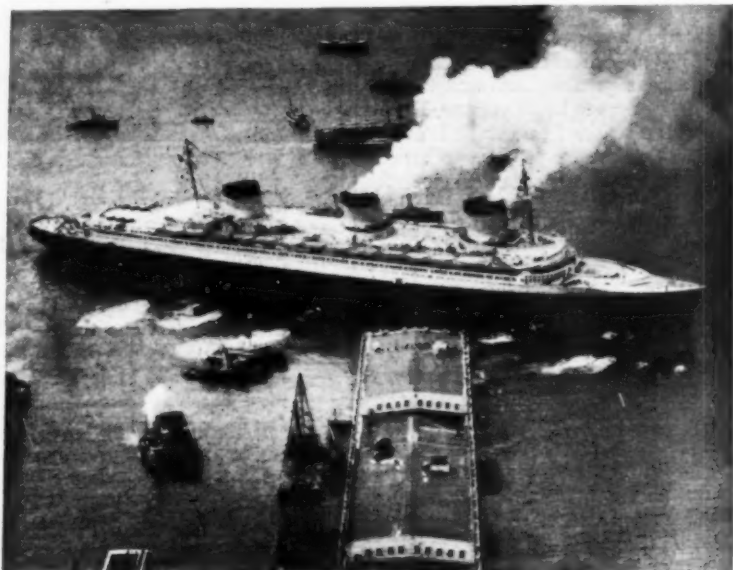
and working hours, but it does give Ottawa exclusive jurisdiction over the tariff. And the bulk of Canadian big business is dependent on the tariff. Prime Minister Bennett shifted his tactics at the beginning of the week, indicated that he would use this roundabout method for securing some of the reforms he wants. Instead of trying to achieve his objectives through the proposed Federal Trade and Industry Commission, as he first planned, he is going to give the Tariff Board wider powers. If business is indifferent to the government's suggestions for schemes to better the condition of wage earners, clean up the situation for producers, and give the consumer a new deal, he will use the tariff as a club.

What's ahead for Canada—and for business—is likely to be known soon, for best opinion in Ottawa this week is that the present parliamentary session will not last more than another 2 or 3 weeks. Who will be the party leaders in the fall election is still a question.

Finn-esse

UNCLE Sam mailed semi-annual statements last week to 13 nations which owe just under \$181 millions as June 15 instalments on their war debts. The first one was made out to Finland; the rest were just waste motion. Only the Finns have paid regularly and all that Uncle Sam expects is their \$165,455.

Anybody who thinks the Finns are just suckers should note that, while no other country has been able to borrow since the boom, they got \$8 millions last year, paid only 4% for it.



IN—WITH A RECORD—Tugs to the left of her, tugs to the right of her, the giant Normandie was pushed, pulled and coaxed into her still unfinished dock in West Forty-eighth Street, New York, after speeding across the Atlantic in the new record time of 4 days, 11 hours, 42 minutes, and 2 seconds.

Business Abroad

Prolonged political crisis in Paris subjects franc to new pressure. Trouble threatens to come to a head in Abyssinia and North China. Canada expects parliament to adjourn by mid-June. Moscow gets first foreign loan; places second big machinery order in New York.

No development outside the United States and its NRA problem held wider attention than the crisis in the French government and the effect it is having on the franc. Only the strong sentiment among the majority of the public and of the Chamber of Deputies against devaluation could have withstood the determined attack of the devaluationists and international speculators. But the public will not indefinitely keep calm. Panic is spreading. The immediate future remains a question (page 6).

War Scare Is Passing

Several developments indicate that war fears in Europe have eased in the last few months. One is the French situation. If Paris had any real fear that Germany was ready to start trouble, these successive governmental crises would not be permitted. Another is the greater calm in London, and the grasping of the present international calm to make shifts in the cabinet, planned for a long time but delayed for various reasons. Finally, there is the very evident determination of Mussolini to bring the Abyssinian crisis to a head. If there were fears from Germany, Italian troops would not be allowed to leave Europe in any numbers.

In the Orient, Japan has made new demands on China. What has been expected by the world ever since the Manchuria campaign of 1931 will probably happen this summer. Either Japan will openly extend political control over the Peiping-Tientsin region adjoining Manchukuo, or Japan will extend economic control over the area.

Foreign business is watching the NRA developments in Washington closely. Sentiment generally is favorable. Resolutions introduced in both Senate and House to remove the President's extensive powers to make trade treaties are being followed by those countries which have recently signed agreements with the United States, or have agreed on terms which are due to be announced soon. Expectation is that they will not pass, that Washington may now devote special attention to a further expansion of foreign trade.

Soviet Union

Moscow gets first foreign loan—\$10.4 millions from Czechoslovakia. Soviets place second big machinery order in New York.

Moscow (Cable)—Newspapers here this week featured two developments.

Most important is the agreement by which the Czechoslovakians agree to guarantee a 5-year, 6% Soviet government bond issue, the proceeds of which

will be spent for Czech goods this year. Total amount of the loan is \$10.4 millions, about half of which is being absorbed by Czech banks, and the remainder by the Czech industries which will benefit from the business.

Moscow attaches a good deal of significance to the loan. It is the first one which has been granted by a foreign government to the Soviet Union. Several years ago it was announced that the Swedish government would back a loan to be spent in a similar manner for Swedish goods, but the deal fell through. Half a dozen European governments guarantee up to 70% on export credits granted by their industries on Soviet purchases, and within the last few years these credits have developed in some cases into what is generally called

medium-term credit, running up to 5 years. Moscow hopes now to secure further grants in other markets where large equipment orders might be placed if terms were favorable. Soviet purchases from the Czechs last year amounted to less than \$1½ millions.

Alco Gets Soviet Order

Only a little less interesting to the pro-American Moscow public was the second announcement, that the government had signed a contract with the Alco Co., subsidiary of the American Locomotive Co., for the purchase of \$1½ millions worth of oil refining equipment. Only a few months ago a contract was signed with the United Engineering Co., of Pittsburgh, for \$3½ millions worth of rolling-mill equipment. These are the two largest orders placed in the United States by the Soviets in several years. Moscow takes them as an indication of further business likely to be placed soon, probably as a prelude to some reopening of trade talks with the United States.

Soviet petroleum production is exceeded only by the United States. Principal producing region now is in the Caucasus, between the Black and Caspian seas. The new equipment, however, is for fields recently developed in the Urals. Capacity of the new equipment will be 12,000 bbls. a day of gasoline, fuel oil, and asphalt.

Transportation has long been the weakest link in the Soviet industrial setup. Management of the railroads was completely reorganized a few months ago (*BN*—Feb 23 '35). This week, when the average of May carloadings was released, it showed an increase to 69,252 a day. A year ago the average was a bare 55,000.

Gold holdings of the State Bank of the U.S.S.R. as of Apr. 1—just released—totaled \$747,885,434. Since September 1932, when gold reserves began definitely to expand, the Soviets have increased their official holdings 19%. More than 450,000 workers are now mining gold, most of them without modern equipment.

Far East

Silver drain precipitates banking crisis in Shanghai. North China may be taken over by Japanese, following new demands from Tokyo.

THE American-controlled American-Oriental Banking Corp. of Shanghai closed its doors a week ago and applied for trustees to conserve its assets. Depositors, it is claimed, will be paid in full.

Three other important Shanghai businesses belonging to the same group are in trouble: The Asia Realty Co., the American-Oriental Finance Corp., and the Raven Trust Co.

Precipitated by these troubles, a run developed on numerous Shanghai banks, forcing 6 local savings banks to close their doors. Other native banks were able to weather the situation only when the Shanghai Native Bankers Association

American Equipment on the Normandie

(Data from French Line)

- Elevators**
Otis-Pifre (Otis Elevator Co. subsidiary in France)
- Turbines**
Alsthom (General Electric subsidiary in France)
- Searchlights, steering equipment**
Sperry Gyroscope Co., Brooklyn
- Frames for winter garden windows**
Edward G. Budd Mfg. Co., Philadelphia
- Kearfott Engineering Co., New York**
- Air Conditioning System**
Carrier Brunswick International Co., Newark
- Carpets and Compressed Cork**
Armstrong Cork Products Co., Lancaster
- Telephones**
Bell System
- Refrigerating System**
Frigidaire Corp. (General Motors), Dayton
- Upholstery for public rooms**
F. Schumacher & Co. Inc., New York
- Mattresses**
Simmons Co.
- Radio Direction Finder**
Airplane & Marine Direction Finder Corp., Lindenhurst, L. I.

tion came to the rescue, ordered a moratorium under which withdrawals are limited for the present to about \$100 per depositor.

Shanghai Has Panic

There are two reasons for the financial crisis in Shanghai. One is the inflation and boom which followed the "Shanghai War" and which sent real estate prices—already high—to absurd levels. A reaction was inevitable. When the Washington silver buying program began to drain silver out of Shanghai by every ship leaving the port, deflation set in. The first big victims have been caught in the squeeze. The public is panicky. The situation is not unlike the one in the United States in the early months of 1933.

Washington will be blamed. In spite of all the promises of the silver senators that trade with the Orient would be helped by boosting the price of silver—their unit of currency—the reverse has been the case. A few wealthy Chinese and foreigners who held vast quantities of the white metal have taken huge profits. The mass of the people are without adequate supplies of currency (or the backing for money); prices for their goods have declined rapidly; they lack the means to purchase foreign goods though they are relatively cheaper now. Finally, the collapse of a few old and well known institutions has shattered confidence and precipitated a crisis. Sales of American goods to China are already much smaller in volume than a year ago. Not until the price of silver is steadied will the situation be ironed out.

Japan Threatens Peiping

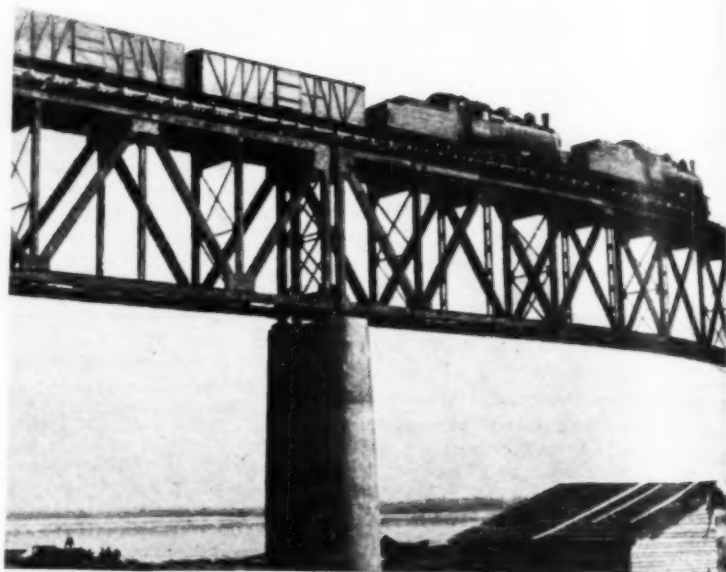
A second crisis is affecting another part of China.

Following the Manchurian incident, Japan forced China to accept truce terms which have been only partially revealed. One of these stipulated that there would be a neutral zone between the great population centers of Peiping and Tientsin and the border of Manchukuo. Recently, "bandit" activities on the part of the Chinese, and finally the murder of two Chinese editors in Tientsin accused of being pro-Japanese caused Tokyo to issue a warning to China, finally to send a series of demands calling for the removal of the Chinese military colleges in the region and of several of the high Chinese officials who are supposed to have had a hand in recent troubles.

There have been no troop movements. Business is continuing as usual on the surface. But the 35 million Chinese living in the province nearest Manchukuo fear that they are about to become a part of the Japanese-controlled area on continental Asia. Feeling is running high. Future commitments are dwindling.

Nipponese Grab All Business

Foreigners are perturbed. Manchukuo's "open door" is so crowded with Japanese that there is no room for foreigners. The National City Bank is withdrawing from the new state because of a lack of business. The British and American oil companies have not been successful in keeping their rights



OUTMODING THE VOLGA BOATMEN—Signalizing the rapid industrialization of Russia, 2 heavy engines haul a string of freight cars across the recently completed railroad bridge—1.14 miles long—over the Volga river near Saratov. Currently, the Soviet is pushing hard on its transportation program; rails and engines she is producing herself, but if and when acceptable credits are arranged, American manufacturers of rolling stock expect to find Moscow a good customer.

unrestricted, and are likely eventually to be squeezed entirely out of the retail business, will probably do wholesale business ultimately only on Japan's terms. American business with the territory now included in Manchukuo is small compared with trade carried on with the vast population around Tientsin and Peiping. In certain non-competitive lines, it will still be possible to do business through the Japanese. In fact, Japan's vast market always absorbs much American goods. Sales of some lines to territories in China which they control might be increased. But in most fields, Japan has become a keen competitor. In these fields, the United States can expect to do little business if Japan takes over economic control.

Canada

Parliament likely to complete modified reform legislation by middle of June. General election now expected in September.

OTTAWA—Absence of Prime Minister R. B. Bennett's name from the King's birthday honors list is further indication that he is not yet prepared to retire and may lead the government in the election campaign. The difficulties that would face the Conservative party in the selection of a new leader, owing to the Stevens split, stand in the way of Bennett's following his desire to resign. Had he been prepared to retire it is generally believed the King would have pressed him to accept a peerage, with a

seat in the House of Lords of Great Britain from which he could participate in Empire affairs.

In view of their party trouble, Conservatives are not very optimistic about their prospects in the election, now likely to be held in September. There is a fair chance that it will be for a Liberal ministry under Mackenzie King to determine to what extent the New Deal legislation will be enforced.

Monopolies Will Be Regulated

Bills now before the Commons define combines, mergers, trusts, and monopolies. A combine is defined as a combination of two or more persons for limiting facilities for producing, transporting, storing or supplying goods, fixing prices or charges, or otherwise lessening or preventing competition. A merger, trust, or monopoly is termed a combination for controlling or dominating any class of business. The legislation is designed to prevent monopolies where they are considered undesirable and to recognize and regulate them where they are regarded as desirable or inevitable.

The grain board bill and the federal housing bill are among the measures to be presented within the next few days. In a paper by J. I. McFarland, agent for the federal government in its policy of wheat market support, read before the League of Nations Society of Canada here, it is stated the Canadian grain business cannot be handed back to the trade until world conditions return to normal. To criticism that he should have got rid of more of the wheat surplus he replies that such a course would have been disastrous. He insists there can be no legitimate world price where

world markets are influenced by subsidies. Adjustments in agriculture must come, he says.

Differential between automobile prices in Canada and the United States is much to the front at present, although the Tariff Board, on orders of the government, is commencing an investigation of the whole situation. In the Commons, it is charged cars selling in the United States for around \$1,000, cost 47% more in Canada. Spokesmen for the industry reply that comparison is between lowest f.o.b. United States prices and Canadian prices for complete cars of better quality. They repeat claims made before the Tariff Board a few years ago that a smaller market and higher costs of parts largely necessitate higher Canadian prices. They predict the Tariff Board probe will justify Canadian manufacturers.

Great Britain

Business is buoyant. Industry pushes rationalization program. Advertisers plan cooperative summer campaign.

LONDON (Cable)—In spite of the political and monetary crisis in Paris and the uncertainty in Washington, business and the stock markets are buoyant. Both devaluation of the franc (when it comes) and untangling of the codes in the United States are viewed by British executives as steps in a return to normal business. France's plea for a stabiliza-

tion conference is not viewed with much hope. London is confident that the British will enter no such conference until the national elections are out of the way, and they will not come before fall.

Chief worry, if there is any serious worry, is the weakness in commodity prices, especially copper, following the Supreme Court rulings in the United States. London feels confident, however, that the industries affected will cooperate on some scheme for voluntary restriction.

Counteracting this pessimistic note is the continued flow of new issues, indicating the greater confidence of business and of the investing public.

Government Forces Rationalization

Reorganization and rationalization of industry is going steadily forward. The Railway and Canal Commission has before it a scheme for amalgamating the West Yorkshire coal field. Parliament is considering a draft order establishing a marketing control for the whole of the Lancashire and Cheshire coal field. This scheme is the first to arrange for all coal produced in a large area to be sold through a single central selling agency. The selling agency will take from each colliery the same output as that produced last year; if less is required, the agency will pay an appropriate sum by way of compensation to the colliery concerned; if it takes more the colliery will pay a contribution to the agency. This central agency will be the executive board administering the coal marketing scheme established under Part I of the Coal Mines Act of 1930. The significance of the present scheme

is that trouble over price evasions will disappear as undertakings will no longer compete by direct quotations. The only difficulties will come from the competition of other districts.

Summer Advertising Campaign

The British Advertising Association has prepared a scheme to be launched through the newspapers of the entire country during the holiday months of July and August. In these months, the newspapers usually suffer a decrease in publicity volume. In previous years the association has cooperated with the press in filling the gap by general and group advertising, but this year the scheme will go further. In all previous campaigns the summer fill-up campaign has emphasized the desirability of buying branded goods, but opinion now is that this drive for branded goods also helped the sale of substitutes. This year's campaign will concentrate on a collective publicity drive for advertised goods, main argument being that no maker of goods can maintain his advertisements if his goods are not such that repeat orders will flow naturally on quality. To get repeats the manufacturer must live up to his publicity claims. Copy-writing is being changed. The old simple statement centred on a slogan will be replaced this year by an indirect heading, a bright illustration, and long conversational body copy. Main direction will be to women. Types of approach are "Family Finance," "Blessed Event" (a dialogue between "Mary Pride" and "Aunt Julie") "Bride to Be" and "This Cock-eyed World." These will be reinforced by only a few of the old-fashioned simple, slogan ads, linking up the campaign.

Germany

Spring upturn fails to meet expectations. Export subsidy program ready for operation.

BERLIN (Wireless)—Current business indicators show some pickup in business but the trend is below normal for this season. March and April retail sales are only 4% ahead of last year. Farmers—and, indeed, the public—are concerned over the damage to fruit and vegetable crops from the exceptional cold weather. It is likely that a shortage will put a crimp in the plans of the Import Control Board which was planning practically to prohibit the import of all vegetables or fruit during the summer.

The strong upward movement on the stock market is due more to psychological unrest caused by the crisis in France and the monetary difficulties in Danzig rather than to immediate fears of mark devaluation. Expected ultimately, however, this will probably cause a modest but steady flow of funds into stocks.

Dr. Schacht's new export subsidy scheme will soon be in operation. Business will be asked to make its first payment into the subsidy fund in the middle of June. More than 100 million marks will be collected at this time.



STOCK ROOM—Even after the drain of the last 6 weeks, France still has about \$4½ billions of gold stored in the vaults of the Bank of France. Here's a corner of the vault showing gold bars in neat piles, tabulated for quick handling.

Money and the Markets

Domestic financial situation clears up, but France and China darken the foreign outlook. Stocks and bonds steadier here, with rails and utilities up. Sugar and cotton rise with general commodity group.

THE financial situation has clarified measurably from an internal standpoint, following the convulsion of a week ago, only to have the foreign outlook muddled up by a new succession of disquieting events. Here markets regained their equilibrium after the first shock of the NRA decision. Business and financial leaders were given a better perspective by policy announcements from Washington. But new crises arose abroad at points intimately related to American affairs—in Paris, where the gold bloc is fighting its main defensive battle, and in China, where the semi-annual settlement date brought to a climax the situation created by our silver program.

Vague hopes of attempts at international stabilization, which had risen again last week, were dismissed in the light of the critical immediate situation. There was increased concern as to the repercussions in this country should France and its group abandon gold before preparations were made for it here and in London. The United States dollar, with its definite gold value in foreign exchange, would attract increasing amounts of foreign funds, and might rise to a point where further cuts in its gold content would be considered a defense against cheap money abroad.

Fears were expressed in some quarters that the Administration might adopt inflationary tactics to counteract having NRA killed, but concern on this account was relieved by the behavior of prices and the evident intention of Washington to patch up the New Deal and limp along for the time being. The policy indicated should help maintain price levels. A broad field is covered by the

requirement that people selling the government or supplying public works projects shall maintain code standards of hours and wages. The expressed intention of seeing that AAA's processing taxes were squared up to stand court review was a further aid to stability.

An inflationary bonus is apparently out for this session, but the bank bill looms now as the vehicle by which the Administration expects to continue its campaign for higher prices. With the issue coming up for its final test in the Senate, Governor Eccles, its sponsor, went on the radio with an appeal for support, on the basis that the control provisions of the bill could iron out the troughs and peaks of the business cycle. He implied that an open throttle now would promptly recover \$40 billions of annual income lost between 1929 and 1933. Thereafter monetary controls would be tightened or relaxed as conditions warranted to keep a continual balance in national economics.

Markets Take New Breath Of Relief and Recovery

A SHARPLY defined steady trend after the previous week's disturbances characterized all markets. Recoveries were in order in nearly every market, with speculative trade dwindling to former quiet proportions, and investment money returning to selected stocks and bonds.

The government bond market was held in check by lingering dissatisfaction over the manner in which the market had accepted the new experiment in financing, but most corporate bonds

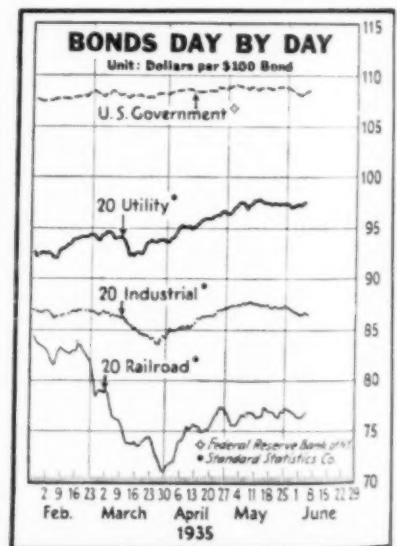
picked up strength. Foreign loans were a nervous exception, in sympathy with the French political thermometer.

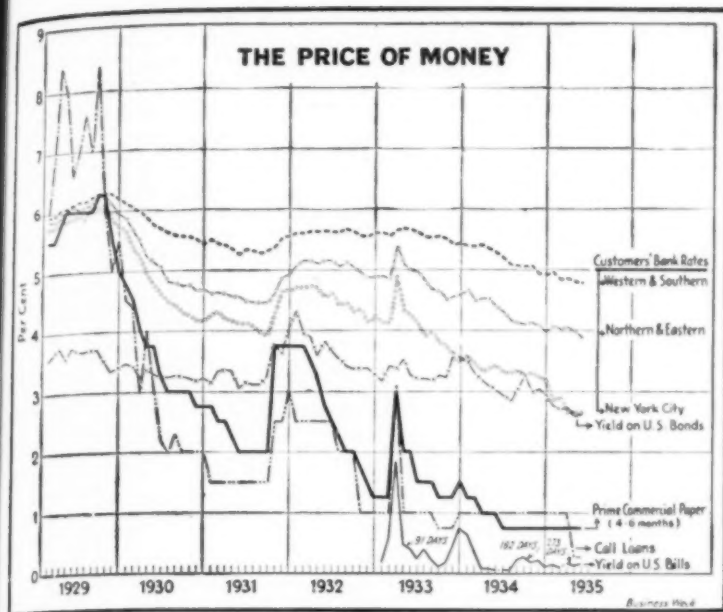
Cuban sugar issues quickly mirrored the brighter look of the sugar market. Careful investment commitments reappeared in stocks, and some replacement of long speculative lines was noted, with many groups taking their main cue from further appraisal of the new industrial outlook now that NRA has flown. Railroad and utility shares easily made advances. Commodity trends followed the general pattern of recovery and relief. Sugar and cotton, which bore the brunt of commodity selling in the preceding week, revived most sharply.

The commodity price indexes of the Bureau of Labor Statistics, covering movements to June 1 or the first week following the NRA decision, dropped only one-tenth point, almost entirely on account of the decline in farm products from 81.5 to 80.7. Group indexes for foods, hides, fuel and lighting materials were up from one-tenth to four-tenths. The textile average was off one-tenth, and chemicals were off two-tenths. Otherwise fluctuations in individual items did not move their groups.

Utility Securities Revive With New Deal Setbacks

IN BOTH the bond and stock markets the relative firmness of utility securities is a matter of special moment. The reasons for conspicuous action are numerous. They include: (1) the conclusion that the Supreme Court NRA decision precludes the sweeping regulation of both operating and holding companies that the Administration has had in mind; (2) the revival of a spirited attack on the utility bill in the Senate; (3) the vigor of the defense against the industry's persecution displayed at the E.E.I. convention; (4) the downright criticism of the Administration's aims, by the report of the Business Advisory Council of the Department of Commerce; and (5) the possibility of lower raw-material costs with the NRA codes





out. Sentiment appears to be crystallizing in the belief that former financial abuses by utility holding companies can and have been remedied and that wholesale slaughter is not necessary.

Treasury Sticks to Its New Financing Plan

UNDETERRED by the lack of enthusiasm about its new method of selling bonds on competitive bidding, the Treasury has indicated that it will go ahead with periodical sales of this nature and its weekly bill sales to finance its work-relief program. On its first offering of \$100 million 3s, subscriptions totaled \$270 millions, but less than \$100 millions were at "acceptable" prices. The average was 103½, whereas outstanding bonds of the same issue had been selling at 103½ just before the new offering was announced.

Mortgage Relief Agencies Need More Money

WITH Treasury financing on June 15 limited to \$700 millions refunding of notes, investment dealers are prepared for business from a couple of government agencies. The Home Owners' Loan Corp. needs \$80 millions cash to pay off the rest of the called 4s on July 1 and more money to carry out the new duties just assigned it by Congress. The time seems opportune for the Federal Land Banks to do another refunding. Their \$269 millions of 4½% bonds look extravagant in a market that would accept coupons around 3½% and also in comparison with the 3½% rate on loans which the system has just established for the next year. The rate cut is temporary, good until July 1, 1936. Thereafter it goes up to 4% for a year, and after 1938 returns to the contract figure, which ranges from 4½% to 6%.

Lending at low rates, the Land Banks have been doing a big business; they

have doubled their loans within the last 2 years and now hold one-third of the farm mortgages of the country. The new Farm Credit Act, just signed this week, promises to give their business another boost by enabling the Land Bank Commissioner, who can make second mortgages as well as firsts, to finance purchases of new farms in addition to his former refinancing functions. It is hoped the temporary rate cuts will head off the Frazier-Lenke proposal for paying off the farm debt with currency, and that lending to buy new farms will preclude passage of the Bankhead measure to provide share-croppers with their own farms.

Moderate Activity in New Financing

ACTIVITY in new corporate financing has been moderate, with two major issues, American Rolling Mill notes and the \$29.5-million Commonwealth Edison 3½s, reaching the offering stage, while Public Service of Northern Illinois reported completion of a \$10 millions refunding operation. Meanwhile Central Hudson Gas and Wheeling & Lake Erie Ry., have applied for SEC registration of a total of \$18 millions of refunding. Pacific Gas & Electric, encouraged by the success of its recent \$45-million financing, plans to come back into the market for \$30 millions, and B. F. Goodrich Co. in July will ask stockholders for creation of a new mortgage and permission to sell an issue of \$30 millions, a good share of which will be new money.

RFC Wants More Speed On Rail Reorganization

THE RFC is becoming restive about the delay in the reorganization of railroads in which it has big investments. Chairman Jones this week informed a couple of railroads that unless they got plans

started soon, the RFC would frame its own. As senior creditor, RFC would be in good position to drive through its ideas about reorganization, the principal point of which would be the scaling of debts and fixed charges. The threats went to the Denver & Rio Grande Western and to the Western Pacific.

Meanwhile, the RFC has shown a genuine desire to be helpful by approving the tentative Chicago, Milwaukee & St. Paul recapitalization, which now seems to be held up by opposition of insurance companies and savings banks, who think bondholders are taking a greater sacrifice than stockholders. The RFC has first-mortgage bonds on the Milwaukee that would not be disturbed in reorganization, and it stands ready to renew its present loan of \$11 millions and to loan another \$24 millions to the road upon reorganization. Unless the Milwaukee gets its security-holders in agreement by July 1, it will probably follow the long list of railroads into the courts under Section 77. The plan

Grape-Nuts



Grape-Nuts was one of the first ready-to-serve cold breakfast cereals ever offered to the American public—and it is still one of the most popular.

One of the products of

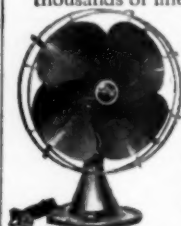
GENERAL FOODS

250 PARK AVENUE
NEW YORK CITY





WHAT do you want in a fan? Striking Beauty! Modern design! Then feast your eyes on this amazingly different 12-inch Silver Swan with its silent, silvery blades, its soft, satin finish. This is a companion to the 10-inch Silver Swan that created such a sensation and won its way into thousands of fine homes last summer.



The Emerson 12-Inch Fan With "Patented" Over-Lapping Blade.

PERHAPS you want more rugged beauty, more conventional design? Then see the new Emerson 10-inch and 12-inch oscillators with "patented" Emerson overlapping blades. These fans deliver more air than ordinary fans and do it quietly.

Do you want air movement of great velocity to cool large areas, such as a cafe, shop, church or store of any kind? Choose the new column-mounted Emerson Air Circulator—single or two-speed type.

And finally, for every purse or purpose, there is a complete selection of Emerson Fans... the fans with the 5-Year guarantee.

See these remarkable 1935 Emerson Fans at your favorite shop today, or write for descriptive fan Folder 347 and the name of the nearest Emerson dealer.

5 —NEW EMERSON FANS FOR 1935

5 —FEATURE POINTS of Emerson Perfection

5 —5-YEAR GUARANTEE

The Emerson 2-Speed Air Circulator with Column Mounting. 5-Year Guarantee.

THE SEA GULL, EMERSON'S MASTERPIECE in the Popular Priced Field—8-INCH (non-oscillating) NOW AT A NEW LOW PRICE. Also 10-inch oscillating. Guaranteed one year.

The EMERSON
ELECTRIC MFG. CO.
NEW YORK • ST. LOUIS • CHICAGO
LEADERS IN THE FAN AND MOTOR INDUSTRY SINCE 1890

under discussion would cut the road's interest charges about half, to \$7 millions yearly, by putting interest on most of its obligations on a partly or wholly "when earned" basis.

Cotton Loan Is Clouded By President's Words

WHETHER cotton is worth 12¢ or not is a question that concerns the Administration more vitally than anyone else just now. Hence the President's words about possible 5¢ cotton fall harshly on ears very close to home. Out of about 7 million bales of old cotton left, the pool holds 850,000 bales of spot cotton and 650,000 bales of contracts, and in addition the Cotton Credit Corp., with RFC money, is committed for 4,400,000 bales on the 12¢ loan. The problem is a ticklish one if the future of the 12¢ loan is in doubt, which it may well be.

The AAA position has been at least a little bit weakened by the NRA decision, and cotton control needs such support as the Bankhead system if 12¢ levels are to be maintained. If prices are not to be maintained, the government stands to lose far more than the cotton trade under present conditions.

Meanwhile the government influence continues to keep the spot-market tight, despite drooping demand in the textile markets. The new crop has experienced a wet May, which was adverse. June started out wet, and if excess moisture continues for this month a further setback on the light acreage will be in order, while still more wet weather in July would mean crop failure.

Wheat Back to Surpluses

PRIVATE crop reporters at Chicago look for 469 million bu. of winter wheat and 240 million bu. of spring wheat, making the prospective total largest since 1932 and putting the 1935-36 domestic supply into the surplus class, as recent years have shown our consuming capacity to be no more than 625 million at the outside, including small exports. Greater production is also suggested for Canada. The ominous threat to North American wheat prices is tempered somewhat by growing difficulties in other parts of the world. Drought is developing in Argentina and striking for the second year in Australia. European crops are no better than average.

Commodity Bill Ignored

THE Commodity Exchange bill slipped smoothly through the House, with only a bored reference en route to its Constitutional aspects. It provides for herding commodity exchange members into the license fold, and giving the Secretary of Agriculture, among other powers, the right to limit trading by individuals, to set maximum fluctuations, and to close exchanges. Death is probably awaiting the bill in the Senate, as Southern senators, notably Smith, do not want the cotton people's hedging privilege endangered in any way. Furthermore, license power in the bill looks dead since AAA licenses were thrown out.

No SEC Headlines

But commission must still rule on the sacredness of those figures omitted from Exchange listings.

IN a sudden blast of certification, the New York Stock Exchange approved for permanent listing almost a thousand corporate issues, bringing to practical culmination the long efforts of the SEC and the Exchange to line up the stock list for its grand entry into the SEC fold before the gates close on July 1. In the press room of the Exchange, 10 filing cases were lined up against the wall, duplicates of SEC registration applications neatly docketed in the steel drawers, available for public inspection.

A rush of information-seekers to prow through the mass brought disappointment. The applications, nearly all following the exacting 22-page SEC form No. 10, including additional exhibits, exposed very few family secrets. Executive salaries, where corporations included them without protest, had been known before and elsewhere there was little news in the facts and figures.

Some Firms Omit Salaries

Again and again, as files were led through, the quotation "omitted under rule UB2" recurred. Rule UB2 of the SEC general rules and regulations provides that any part of the required information may be submitted separately as confidential, stating reasons why disclosure thereof is not in the public interest and requesting a hearing on the question of disclosure.

Under this rule a good many salaries were kept out of sight, but more frequently the rule was used to dodge exposure of gross sales less discounts, returns and allowances, and cost of goods sold. The arrangement is temporary. One of these days SEC officials are likely to take a few days off to consider the matter of confidence, and corporations will be in for explanations. It is doubtful that salaries will be considered sacred; other figures and names conceivably could be kept hidden.

Allied Chemical Is Somewhat Shy

Allied Chemical's application held most interest for the curious after the long struggle of the Exchange to make this big chemical concern say something about itself. Allied did not reveal its top 3 salaries as requested, but stated that the highest aggregate remuneration paid any director or officer was not in excess of \$100,000, that all the officers together received \$327,472 in 1934, that no bonus or profit-sharing schemes were used, that no stock options existed. On the grounds that the knowledge would be detrimental to stockholders the company omitted from its list of 42 subsidiaries the names of 4 foreign ones.

With settling of the disclosure question, the bulk of the SEC and Exchange listing job will be done. Some time extensions are allowed and there are some exemptions, but of all those under compulsion to be in camp by July 1, none is in doubt. The net result is loss of 27 minor issuers that declined to apply for permanent listing.

Editorially Speaking—

How to nurture home industries: the Wisconsin legislature has passed, and Governor LaFollette has signed, a bill requiring that every restaurant in the state, when serving a meal costing a quarter or more, must serve two-thirds of an ounce of Wisconsin butter and two-thirds of an ounce of Wisconsin cheese. But this enactment does not go quite far enough. Some customers may not eat the cheese, and so a restaurant may be able to serve the same portion again and again. How about another bill establishing a cheese supervisor in every restaurant, to see to it that the cheese gets eaten, even if the customer is, like the late Ring Lardner, a passionate and eloquent enemy of cheese?

BUSINESS and professional women's clubs are alarmed by "the ominous tendency toward discrimination against women in this country as well as abroad." To call it a tendency is to underestimate it. Discriminations against women in business have multiplied since the beginning of the depression. A national referendum would probably result in a 10 to 1 vote that married women ought to be fired out of the office into the kitchen. A lot of people think this would end the depression. Men have always discriminated against women in business, and the depression has given them a superficially convincing excuse for an action which originally was founded on nothing else than masculine timidity. It is hard for any man to admit that a woman can beat him at his own job.

OKLAHOMA automobile dealers declare that the Oklahoma excise tax of 1% on every motor vehicle at the time it is first registered is not an additional burden, since it replaces a 1% sales tax on automobiles. This contention is based on a clause that "the excise tax levied by this act shall be in lieu of all other taxes for the year." Formerly many Oklahomans bought their cars in neighboring states in order to avoid the sales tax; but now, no matter where the car has been bought, an excise tax is levied. Hence nothing is gained by leaving the state, and people buy their cars at home.

The replacement of the one tax by the other is undoubtedly sensible. But it does not eliminate the underlying evil, which is that heavy taxes are levied on motorists and then the proceeds are used for general governmental purposes, instead of for the building and maintenance of highways. This kind of imposition on the motorist is practised in every part of the United States. Laws are enacted which solemnly avow in their declarations of purpose that they are intended to raise revenue for the

maintenance of highways and the protection of motorists; and then it is further ordained, in the same laws, that the revenue so raised shall be spent for general objects.

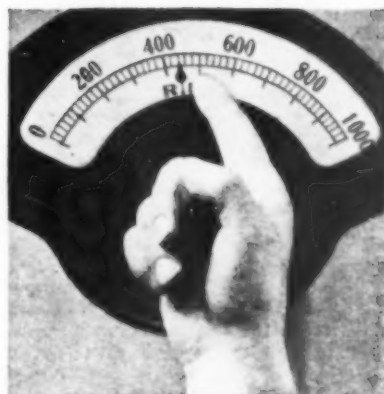
ELECTRICAL WORLD calls attention to the fact that the municipal electrical projects financed with PWA funds aren't getting on very rapidly. A list recently published in the *Congressional Record* discloses that there are only 45 projects completed or being built, with a total allotment of about \$25 millions, and that nearly \$15 millions has been allotted to 41 other projects that have not been started yet. This is the net result of 377 applications totaling more than \$600 millions.

One-sixth of the applications were withdrawn. Apparently the taxpayers in many a municipality bucked when told how much they would have to put up in order to win a slice of the PWA money. This entire federal effort to subsidize municipal socialism is deplorable, but the definite results it has attained so far don't amount to much.

"CONSUMERS' cooperation" is the latest slogan of economic reformers in several churches. They are trying, they say, "to build a strong consumers' cooperative movement as a method of creating a new social order." Business does not object to any consumers' movement that does not use political means to suppress its profit-making competitors. But the notion that cooperation can create a new social order—in other words, destroy our present economic system—is a mere starry-eyed illusion. Business will be going strong long after the eager evangelists of cooperation have abandoned their present hopes for it.

A GEORGIA congressman has introduced a bill to have the government buy up all farm mortgages and distribute the farms, debt-free, among families now living on mortgaged or rented farms. Why should not the government, with equal justice, buy up all mortgages on residences and apartments in the cities, and distribute the homes, unmortgaged and rent-free, to owners of mortgaged homes and to tenants?

THE Soviet Union wants more babies and is determined to get them in a hurry. *Pravda*, the chief Communist party organ, applauds the population campaign and declares that "the tempo must be record-breaking in this" magnificent effort. How interesting to watch some scores of millions of enthusiastic potential parents engaged in producing children at a record-breaking tempo!



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BUSINESS WEEK

The Journal of Business News and Interpretation

JUNE 8, 1935

Roosevelt's Issue in 1936

President Roosevelt has indicated the issue on which, in all probability, he will fight the main battle of his campaign for reelection next year. It is a proposal to amend the Constitution of the United States so as to give Congress authority over practically all commerce and production, no matter how local.

To be sure, this proposal, brought forward at a press conference, was not repeated when Mr. Roosevelt held another press conference a few days later and read a statement outlining his legislative program. But that statement, by its specific program and its explanatory phrases, merely suggests that the President is holding his Constitutional campaign in abeyance.

Not many hours previously, some persons who talked to him and who advocated legislation permitting voluntary, clear-cut business codes were under the distinct impression that he was going to endorse their plan and abandon his Constitutional amendment. Instead he kept absolutely silent on the amendment, and proposed a skeletonized NRA that would be hardly anything but an agency to gather and publish information of value to "the country as a whole"—so that we may surely expect it to flood the country with propaganda on how much better off the country would have been if the Supreme Court had not cracked down on federal interference with intrastate business.

Thus it seems that the President is merely deferring his amendment scheme to next year. Manifestly the chief weapon in his hands is hard times. If prices drop, if wages are low, if unemployment persists without much decrease, he can attribute it all to the federal government's Constitutional want of power for the regulation of business.

What is more, he commands the means to make hard times worse. He showed this effectively in his first long, sad speech to the newspaper correspondents. Asserting that the NRA decision necessarily implies the illegality of the Agricultural Adjustment Act, he predicted that the abandonment of crop control would bring 36-cent wheat and 5-cent cotton. Immediately there was a break in the prices of wheat, cotton, and other

commodities, sugar suffering the worst slump in 11 years.

It was a shocking result, produced by a shocking prophecy, which can only be excused on the ground that it was made in a moment of excitement. And yet there seemed to be very little excitement in the President's manner. On the contrary, he was apparently making the most careful kind of speech, having prepared it after four days of deliberation upon the decision of the Supreme Court. Surely the country has a right to expect that the Presidential tongue will refrain from further exaggerated predictions that send prices crashing and take money from the pockets of producers. The President can easily put himself in a position in which distress and desperation are his chief stock in trade. He should not again render himself liable to the imputation of having produced the very result which he ostensibly deplores.

But although business has a right to ask for Presidential restraint, it should not rely on that exclusively. If wages decline and strikes multiply, if farm prices sink, if the independent merchant finds himself undersold by chains and large department stores that sell a few articles at less than cost, there may arise such a wave of protest as will sweep President Roosevelt's proposed amendment through Congress in 1936 or 1937, and compel its ratification by the states.

It is therefore plain horse-sense for business to do its best to avert the President's prophecies of disaster. The standards established by NRA must be maintained as far as possible. Moreover, business should urge Congress, in its present session, to permit cooperation in those industries where voluntary code operations are practicable. In other words, business must immediately do its utmost to show that the powers of the federal

government, under the present Constitution, are adequate to prevent gross abuses.

Aside from this, let business forget its fears and pull the country out of the depression. It would have done so already if the Administration had not unsettled matters. There has been too much uncertainty, too little confidence. But now the Supreme Court has smashed the principal items of the New Deal. Any constitutional NRA substitute bill enacted at this session would not be of a sort to worry business. The same thing applies to other legislation; for example, Congress may pass the Wagner bill, but the Supreme Court would almost certainly knock it out. So there is nothing of overwhelming importance to fear from this session of Congress. And apparently it will take a year at least to amend the Constitution as Mr. Roosevelt wants. Hence business has a year in which to go ahead confidently and end the depression; and if that is done, the proposed Constitutional amendment will be sunk.

Good Old Days On the Missouri

By great effort, by appeals to sympathy and friendship and civic pride, a cargo equal to 100 freight-car loads of merchandise has been assembled for the first run of the barge service on the Missouri River between St. Louis and Kansas City. Commercial navigation is finally being opened, and citizens are invited to rejoice. For this, it is proudly announced, is the culmination of the sweat and the hopes and the tears of waterway enthusiasts during the past half century.

It is all rather pitiable. Surely the campaign would not have taken this long if waterway transportation were as convenient and cheap as its railroad rival. In plain fact, it isn't. On the Mississippi and the Missouri it is subsidized by the federal government, and still the advocates of the St. Louis-Kansas City line had a hard time scratching up a cargo. Waterway transportation has an appeal to sentiment, to all the memories of the good old river days in Mark Twain's youth; but it simply does not pay its own way.

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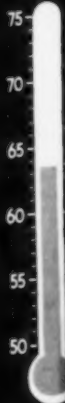
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